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A 10TH ANNIVERSARY REVIEW OF THE SSI PROGRAM

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

WASHINGTON, D.C.

MAY 17, 1984

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A 10TH ANNIVERSARY REVIEW OF THE SSI PROGRAM

THURSDAY, MAY 17, 1984

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The committee met, pursuant to notice, at 9:37 a.m., in room 628, Dirksen Senate Office Building, Hon. John Heinz, chairman, presiding.

Present: Senators Heinz, Evans, and Glenn.

Also present: John Rother, staff director and chief counsel; Diane Lifsey, minority staff director; Paul Steitz and Larry Atkins, professional staff members; Terri Kay Parker, investigative counsel; Roberta Lipsman, minority professional staff member; Isabelle Claxton, communications director; Robin Kropf, chief clerk; Kate Latta and Leslie Malone, staff assistants.

OPENING STATEMENT BY SENATOR JOHN HEINZ, CHAIRMAN

Chairman HEINZ. Good morning. Today, the Special Committee on Aging will examine the Federal income assistance program that provides monthly benefits to approximately 4 million aged, blind, and disabled Americans.

This year marks the 10th anniversary of the implementation of the Supplemental Security Income Program. Hailed as a major experiment in welfare reform in 1974, SSI offered the security of a guaranteed minimum income to this Nation's most needy and most vulnerable citizens.

Back in 1974, SSI was seen as a far-sighted experiment in social policy, replacing three separate Federal programs and over 1,000 disparate local systems with a coherent, unified, national approach. It was hoped that a centralized system would be simple and efficient to administer, and would protect recipients from many of the demeaning rules and procedures that had characterized the largely State-operated programs. As revised, SSI was designed to reduce the stigma of welfare by placing day-to-day operations in the hands of the Social Security Administration. Further, it was intended to provide recipients with opportunities for rehabilitation and incentives to work.

After 10 years, it seems appropriate for Congress to examine the successes and the shortfalls of SSI in achieving its original goals. As chairman of the Senate Special Committee on Aging, I have personally been concerned with a number of problems that have persistently plagued the program, and earlier this spring, together

with Senator Moynihan of New York, I introduced legislation to remedy a set of specific deficiencies that have hindered the fair and efficient administration of the program.

While we hope to have testimony on the provisions of our legislation, we are also here this morning to assess the broader policy issues associated with SSI. The committee will hear testimony on a wide variety of issues in order to identify significant additional reforms which should be considered in the future.

First, we are going to hear from Acting Commissioner of Social Security, Martha McSteen, who is going to review the development of SSI from the standpoint of the agency that actually runs the program. And may I say, the administration of SSI has been an enormous challenge for SSA, and in spite of great difficulties in the early years, SSA has continually improved its ability to send the right check to the right person at the right time. We want to hear from SSA and the Commissioner what they think needs to be done to ensure that SSI recipients are provided the quality of service Congress assumed would be associated with the Social Security Administration.

Second, we are going to hear from a set of SSI claimants and recipients who will describe their personal experiences with the program. We hope that their stories will give the committee and our colleagues a sense of the enormous human implications of specific legislative and administrative policies in SSI and suggest the importance of efforts to correct problems that have afflicted the program from its inception.

Finally, three expert witnesses will broadly review SSI from a diverse set of perspectives and approaches, to assess the relative success and failure of SSI in achieving its original objectives. We hope to learn from each their specific recommendations for improving this important program in the future.

When Congress created the Supplemental Security Income Program, we called it a positive assurance that no aged, blind, or disabled American would have to subsist on an income below a level guaranteed by the Federal Government. After 10 years, it is time to ask ourselves whether we have made good on that promise.

I welcome our distinguished witnesses, look forward to their testimony, and want to mention at this point that we are distributing today a print prepared by the staff of the Committee on the Supplemental Security Income Program. It contains six essays covering a broad spectrum of issues related to the program.

Before I ask the Commissioner to proceed, I want to recognize and call upon my colleague, my friend, and the ranking minority member of this committee, Senator John Glenn of Ohio.

John?

STATEMENT BY SENATOR JOHN GLENN

Senator GLENN. Thank you very much, Mr. Chairman. I am glad that we are having this hearing today. The Supplemental Security Income Program, SSI, has definitely improved the well-being of our elderly and disabled populations. But a decade has passed since it was put into effect, and certainly, it is time to review the program, see what the difficulties are, and see where improvements can be

made, or whether changes should be recommended for the consideration of the whole Congress.

When the Social Security Act was amended in 1972 to create SSI, it was intended that this maze of programs that we had to aid the aged, the blind and disabled, would be replaced with a simple, uniform Federal grant. And, though many recipients, particularly the elderly, were receiving other forms of support, their benefits were too small to sustain them; the maximum SSI payment was set at $140 per month for an individual and $210 per month for a couple. In 1974, 2 million elderly began receiving SSI benefits.

In 1983, there were 1.5 million elderly individuals receiving SSI benefits. I think it is notable that 73 percent were female, 73 percent. Many received Social Security, but their average benefit fell below the minimum SSI benefit, now placed at $314 a month for an individual and $472 a month for a couple. Just in my home State of Ohio, there were 115,000 individuals receiving SSI in 1983. More than 27,000 elderly and 85,000 disabled persons were assisted by the program.

There are others, however, who qualify for the program, but are unaware that such assistance is available. They do not even know the program is there to help them. In addition, some elderly and disabled people have been turned away, or become ineligible because the program has somewhat rigid, and in some instances, unreasonable guidelines, and I hope we get into that today.

But today, we will have an opportunity to learn firsthand about some of the difficulties created by some of these regulations, and some of the difficult circumstances that people have been placed in that I think we can correct with some of the changes that I think will probably come out of these hearings.

One of my constituents had hoped to be here today to relate her story to you in person. Unfortunately, her doctor would not permit her to make the trip today. She is 68 years old, a diabetic who receives $177 a month in Social Security, and $107 from SSI. From March 1983 until early this spring, the woman had $55 deducted each month from her SSI check. That represented almost 20 percent of her available income. This deduction was made by SSI to recover an alleged overpayment. Legal Aid requested that the deductions be reduced to $10 a month, but this request was denied. In February 1984, a Federal court of appeals reversed SSA's determination, and this woman will now receive the entire recoupment back. In the meantime, she spent 1 year literally deciding whether to pay doctors' bills or buy food.

It is experiences like this that I think we want to try and prevent in the future.

I certainly welcome testimony this morning from Acting Commissioner Martha McSteen. I know that in your years of work with the SSA, you have confronted many of the problems that we on this committee are interested in correcting, and we want to be as helpful as we can, and I know you do, too.

It is our privilege also to have several experts here today. The publication which Dr. Schulz assisted in preparing will help us focus more clearly on several of these major issues. As Dr. Schulz stated, our concerns should be the program's adequacy, participation, and efficient administration.

Government programs like SSI have provided much-needed assistance to our most destitute citizens. It is estimated that 55 percent of all elderly would live in poverty without the support of such programs. I want to repeat that: It is estimated that 55 percent of all elderly would live in poverty in the United States of America without the support of such programs. So we must not consider our work done, when experience indicates that corrections are needed.

I am supporting S. 2569, because it responds to some of the inequities of the current system, and I look forward to the further recommendations of today's witnesses who are closely involved with this program.

I have a conflicting hearing this morning, Mr. Chairman. I am going to have to be absent for a little while to go to it. I will try to get back later on for later witnesses here.

I would hope—I would request, as a matter of fact—that we keep the hearing record open for several days so that if we have additional questions that staff feels we should ask, that we can submit those for writing, to be submitted back to us in writing, to be included as part of the record.

Chairman HEINZ. Without objection, that will be the procedure, Senator Glenn. Thank you very much.

The Chair would call on one of the newer members of the Aging Committee, but by no means the least-experienced member, Senator Dan Evans of Washington.

STATEMENT BY SENATOR DANIEL J. EVANS

Senator EVANS. Thank you. I will be very brief.

This will be an interesting 10-year anniversary hearing, because I had a different responsibility 10 years ago, as Governor of the State of Washington, instituting the program in the State, going through the throes and the difficulties which are always attendant to a new program, but I think one of the much more successful programs than some of the others we have instituted over the last several decades, and it has proven to be very beneficial, I know—although in reading your testimony, I can see how a program designed to be simple at the beginning has consistently and regularly been amended by Congress, each amendment probably adding a little to the complexity and a little to the difficulty of what was once a very simple and straightforward program, and perhaps there will be some comments on that during the day today.

Thank you, Mr. Chairman.

Chairman HEINZ. Senator Evans, thank you very much. Before hearing from Commissioner McSteen, I am going to insert into the record the statement of Senator Larry Pressler, who has a prior commitment and cannot attend today's hearing.

[The statement of Senator Pressler follows:]

STATEMENT BY SENATOR LARRY PRESSLER

Mr. Chairman, I am pleased that you have called this hearing on "A 10th Anniversary Review of the Supplemental Security Income Program." This Federal program was established to provide a nationally uniform guaranteed minimum income for the needy aged, blind, and disabled. Some 4 million people rely on this program to meet a rising cost of living.

It is important that we make this program available to the truly needy and review the administrative problems which may exist. Such problems often undercut

the program's purpose. Through today's examination, we can make plans for alternative actions which may be needed. The program was intended—among other things—to improve incentives for the poor to seek employment and decrease harassment of recipients by eliminating obtrusive eligibility investigations to determine need. Today we will evaluate the extent to which SSI has met those objectives.

In my home State of South Dakota, 13 percent of the population is 65 years of age or older. Among this population are many very needy individuals who view this program as their only means of survival.

I look forward to today's testimony on the asset limit. I am aware that some recipients in South Dakota have inadvertently found themselves with assets just slightly over the resource limit and thus forfeiting all benefits received for every month they exceeded the limit. Unfortunately, some individuals have also received incorrect benefit checks because of the Social Security Administration's overpayment errors. The statute authorizes the Social Security Administration to recover SSI overpayments by adjusting future payments or by recovery from the recipient. It is this latter method which can become a heavy burden for low-income individuals to bear.

Today's testimony will be helpful to all of us as we consider legislative changes which may need to be made. This type of congressional oversight is essential if Government programs are to meet the objectives for which they were created.

Chairman HEINZ. Commissioner McSteen?

STATEMENT OF MARTHA A. McSTEEN, BALTIMORE, MD, ACTING COMMISSIONER OF SOCIAL SECURITY, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mrs. MCSTEEN. Thank you very much, Mr. Chairman and Senator Evans.

I am pleased to be here today to participate in the hearings on the Supplemental Security Income Program. In the broad context of the Government programs available for replacement income, the SSI program is small, but it does provide an essential support for a very vulnerable portion of the population, and the well-being of this population is extremely important to all of us.

We have already provided the committee with a great deal of information about the SSI Program at this point. The principal papers are a retrospective look at the SSI Program, a review of how we have been administering the program, and a summary of our outreach and information referral activities. I have more extensive remarks, Mr. Chairman, which I would ask to have placed in the record.

Chairman HEINZ. Without objection.

Mrs. MCSTEEN. While I do not propose to review all the material with you, I would like to highlight some of the material, because I think it is important that you are willing to hear some of the issues that we are concerned about, and hopefully, we can be guided in improving the administration of the program.

There is a close correlation between the percentage of men and women age 65 or older who are below the poverty line, and the percentage of aged men and women who receive SSI. Seventy-two percent of the aged population below the poverty line are women and 28 percent are men. Of the aged SSI recipients, 73.7 percent are women, and 26.3 percent are men. Women comprise 59.8 percent of the total aged population in the Nation but comprise 72 percent of the aged below the poverty line. The fact that two-thirds of all SSI recipients are women, and among these, 75 percent are 65 or older, really indicates that the SSI Program is targeting its funds as intended.

The data also show that there is growth in the number of disabled people coming into the SSI Program, and that a greater portion of these individuals will be mentally retarded individuals, who enter the SSI Program early and are likely to remain throughout their lifetime.

Significant change has occurred in the number of blind and disabled children receiving SSI, which has tripled since 1974. Mental impairment is the most common disability among children.

SSA has always had an extensive public information campaign to reach potential SSI eligibles, and this ongoing outreach program uses radio and newspaper facilities to distribute information to potential recipients. But beyond that, with Public Law 98–21, we are assertively seeking the potential eligibles who we may not have reached. Notices about the availability of SSI are being sent out to all aged social security beneficiaries who, judging by the size of their social security benefit alone, might be eligible for SSI.

We have had more than 118,000 inquiries, and have taken about 32,000 applications so far.

During the 10 years of the SSI Program's life, there have been many legislative changes, as you have indicated, and they were designed to protect the eligibility of current recipients or to improve program adequacy, improve the disability work incentives, administrative efficiency, or define better the SSI Program's relationship with other programs.

For example, the automatic cost-of-living increases in SSI benefit levels are made at the same time and by the same percentage as the increases in the Social Security benefits. This helps insulate the SSI recipients from the adverse effects on inflation of the value of their benefit dollars.

The home and the burial plot are excluded resources. There is an automatic reentitlement period in which benefits can be reinstated without a new application, or a new disability determination, for individuals who stop work but are still impaired, and the work expenses directly related to the disabled individual's impairment are deducted from income.

Although the legislative changes have improved the SSI Program's ability to provide basic income support for the aged, blind and disabled, they have really not altered the basic structure of the program. I believe that SSI is by and large an effective and efficiently administered Federal program. It plays an important role in providing assistance to the aged, the blind, and the disabled people of this country. But I submit to you that SSI is not a perfect program, nor is it perfectly administered. I think, though, that it has largely met the goals Congress set for it, and has attempted to adjust to the changing needs of our society. In the past 10 years, there have been changes in conditions in this country, and of course there will be further changes that need to be accommodated. Perhaps the history of the first 10 years of SSI holds a lesson for its future. It is important to keep the intent of the SSI program firmly in mind when viewing possible changing conditions and problems. SSI is a cash assistance program which provides a basic floor of income to the needy aged, disabled, and blind.

We are not resting on the past, however. We are trying to improve program administration and ease the burden on the individuals who come to file claims.

There are two specific improvements that I would like to mention that we are presently working on—the second phase of a project that will give our field offices advanced processing technology to automate many of the manual functions presently being performed, and a reduction in the volume and complexity of SSA's documentation requirements.

In the interest of future planning and to ensure that SSI continues to be targeted to those who need it most, we are obtaining more information about recipients and potential recipients, and one way we intend to do this is through a survey of SSI recipients.

As I mentioned earlier, we are also in the process of notifying aged Social Security beneficiaries of their potential eligibility for SSI. And, although the purpose of these "alerts" is to seek out those who appear eligible but, for one reason or another, have not applied for SSI, our experience in handling the alert program will be evaluated to learn how we can improve on the outreach process and to learn more about why people who appear eligible decline to participate in SSI.

I believe SSI is accomplishing its mission, and while we will always debate about the level of benefits and the fairness of a given provision, I believe there is a consensus that the basic SSI approach is a sound one, and that whatever changes are made should adhere to the framework that has been established.

Thank you very much.

Chairman HEINZ. Commissioner McSteen, thank you very much.

[The prepared statement of Commissioner McSteen follows:]

PREPARED STATEMENT OF MARTHA A. MCSTEEN

Mr. Chairman and members of the Committee, I am pleased to be here today to discuss with you the Supplemental Security Income (SSI) Program. Ten years have passed since the SSI Program began providing a floor of income to aged, blind, and disabled persons, SSI's 10th anniversary year seems an appropriate occasion to review the development of the program and to look at where the program is now. To this end, I will discuss briefly the goals of the program, the legislative changes since implementation, the characteristics of the people SSI serves, and how well the Social Security Administration serves them.

Let me say at the outset that the SSI story is a story of a successful, effective Federal program; after ironing out its initial startup problems, SSI has provided, and continues to provide, a very important element of the Nation's support system for aged, blind, and disabled people. SSI is not a perfect program nor is it perfectly administered, but it has met the goals Congress set for it, and has adjusted to changing conditions.

BASIC GOALS, OBJECTIVES, AND FEATURES

The fundamental goal of SSI is to provide a basic level of income support to needy aged, blind, and disabled persons based on nationally uniform eligibility standards and payment levels. The SSI Program was designed to provide:

An income source of last resort for the aged, blind, and disabled whose income and resources are below specified levels.

Eligibility requirements and benefit standards that are nationally uniform, and eligibility determinations based on objective criteria.

Incentives and opportunitities for those recipients able to work or to be rehabilitated that would enable them to escape from their dependency situations.

An efficient and economical method of providing this assistance.

Encouragement to States to provide supplementation of the basic Federal benefit; and

Protection for the eligibility and income levels of recipients under the former programs Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD) who were converted to the SSI program.

As the word "supplemental" in its title implies, the SSI program was intended as an income source of last resort. Therefore, persons eligible for SSI are required to apply for other payments from public or private sources for which they may be eligible.

SSI is a domestic program of assistance to relieve poverty in the 50 States and the District of Columbia. Thus the program requires a recipient to be a resident of the United States and to be present in the United States. In addition, a recipient must be a U.S. citizen, an alien legally admitted for permanent residence, or an alien otherwise permanently residing in the United States under color of law.

To take into account the responsibility for support of people by certain relatives—specifically, a spouse of an adult or a parent of a disabled child under age 18—the income and resources of the person are deemed to include the income and resources of the spouse or parent who lives in the same household with the person.

In general, people in public institutions are not eligible for SSI. This restriction is a carryover from the former State programs and was based on the view that Federal funds should not be used to finance what has traditionally been a State and local responsibility. This prohibition does not apply to a person in a public institution when medicaid is paying for a substantial portion of his care. When the medicaid program is providing for the person's care and basic needs, he may still be eligible for an SSI payment of up to $25 a month. This payment is intended to enable people with no income to purchase small personal comfort items since under the medicaid program only the patient's medical and subsistence needs are met while he is in the institution.

The SSI Program substituted an objective flat grant system for the individual budget system used in many of the former State programs. Under the flat grant system, assistance amounts are determined by subtracting countable income from the standard benefit rate.

In keeping with its flat grant design, SSI uses uniform limits on the dollar amounts or value of income and resources that a person can have and still qualify for Federal assistance. The law provides certain exclusions from income and resources and only the value of income and resources after the exclusions are applied is counted in determining eligibility and benefit amount. In January, if the Consumer Price Index has risen by more than 3 percent over the previous 12 months, the income limits are adjusted automatically to reflect increases in the cost of living. Currently these limits—which correspond to the Federal benefit rates—are $314 for individuals and $472 for couples. The resource limitation is $1,500 in countable resources for an individual and $2,250 for a couple living together, whether or not both are eligible for SSI.

SSI standards also include 65 as the minimum age requirement for assistance based on age, and nationally uniform definitions of disability and of blindness which are basically the same as those used for insured workers under the Social Security Disability Insurance Program.

The SSI Program recognizes that some needy persons continue to work in spite of their age or physical condition. To support and encourage these attempts, the program is constructed so that all recipients who work have a higher level of income than those who do not work. Therefore, in determining eligibility for and the amount of SSI benefits substantial amounts—the first $65 and one-half of the remainder—of a worker's earnings are disregarded.

To provide opportunity and incentive for the blind and disabled to work, the SSI program provides reimbursement for vocational rehabilitation services used by qualified recipients. Further, a certain amount of the earnings of blind or disabled children who are students, the amounts of grants, scholarships, and fellowships received for use in paying tuition and fees at educational facilities, and the expenses of the blind reasonably attributable to working are all excluded from income.

In addition, earned income and certain resources of a blind or disabled recipient necessary for the fulfillment of an approved plan for achieving self-support are excluded from income and resources. Finally, certain income producing property that, as determined by the Secretary, is essential to self-support activity, is excluded from resources.

Congress created the SSI Program with the expectation that some States would supplement the basic Federal payment to maintain payment levels higher than the Federal SSI standard. The Congress provided that the Federal Government could agree with a State to administer its supplementary payments and to absorb the cost of administering them.

LEGISLATIVE CHANGES

Legislative changes to the SSI Program have often resulted from public attention being brought to bear on a specific situation or on individual cases. SSI has been amended by provisions contained in 17 separate laws. In addition, the laws governing several other federally funded assistance programs have been amended to clarify how the benefits and services provided are to be treated by the SSI Program. The changes can be broadly categorized as:

Protecting current recipients and/or improving program adequacy.

Defining the SSI Program's relationship with other Federal programs, the States, and private programs.

Eliminating loopholes, improving administrative efficiency, and effecting budget savings; and

Improving disability work incentives.

I will not cover here all of the legislative changes since 1974. Rather, I will discuss the most important of these changes or those that best illustarate the four categories.

RECIPIENT PROTECTION AND PROGRAM ADEQUACY

After the October 1972 SSI enactment date and before the January 1974 implementation date, the law was amended to require States to maintain the income levels of those people whose welfare benefits were higher than the SSI payment level, and to add certain provisions which protected persons from loss of eligibility or income when they were converted from the State rolls.

The effect of inflation in eroding the buying power of the SSI benefit levels as established in 1972 was clearly demonstrated by the situation in 1974. The original $130 SSI benefit level established for an individual in 1972 represented an amount equal to 78 percent of the Government's poverty index. This ratio would have slipped to 66 percent by 1974 had the SSI benefit level not been increased to $140 for January 1974. Congress realized this, and on the eve of the day SSI was to begin, raised the benefit level to $140.

Another event, the 1974 Social Security benefit increase, demonstrated the need to closely coordinate both the timing and the percent of cost-of-living increases under Social Security and SSI. When the Social Security benefit increase was paid to beneficiaries who were also SSI recipients, they received no increase in their total income because the SSI benefit was reduced dollar-for-dollar by the amount of the increase in the Social Security benefit.

Congress dealt with the problem by passing legislation that provided for automatic cost-of-living increases in SSI benefit levels. The increases were to be made at the same time and by the same percentage as increases in Social Security benefits. This SSI change, first effective July 1975, not only ensured that SSI recipients who were also eligible under Social Security would receive the effect of any automatic cost-of-living adjustment (COLA), but also helped insulate all SSI recipients from the adverse effects of inflation on the value of their benefit dollars.

Last year, an ad hoc SSI benefit increase was enacted providing an additional $20 for individuals and $30 for couples effective July 1, 1983. This increase was included in the bipartisan Social Security financing compromise and was intended to ameliorate the effect of delaying the automatic COLA for 6 months.

Another effort to improve program adequacy was the change made in the way the home is treated. The original legislation authorized the Secretary to establish the value of the home that could be excluded from consideration as a resource, and the amount was set at $25,000 ($35,000 in Alaska and Hawaii). The rapid inflationary increases in property vaues during the early 1970's created situations where the appreciation in the value of the home above the limit made recipients ineligible, even though their other circumstances had not changed. Congress recognized this problem and in 1976 passed legislation that excluded a home of any value from being counted as a resource. Although this change broadened the eligibility criteria, the overall SSI resources limits kept the liberalizing effect of the change from being costly.

The treatment of prepaid burial arrangements as resources had long been a topic of discussion. This was a particularly difficult area since some of the State programs had either excluded or provided special treatment of this type of asset when determining eligibility. In 1982, Congress concluded that all SSI recipients should receive equivalent treatment, regardless of various State laws concerning the way in which the funds were held, and that the SSI program should not deny eligibility to those individuals who have made reasonable efforts to provide for their burial. As a

result, Congress excluded burial plots and the value of burial funds (up to $1,500) from consideration as resources.

RELATIONSHIP TO OTHER ASSISTANCE PROGRAMS

The original SSI legislation barred assistance to inmates of public institutions. As the deinstitutionalization effort developed, some individuals were transferred to small, community-based group homes, operated either by a government or a private organization. In those instances where the group home was privately maintained, the residents could become eligible for SSI benefits upon release from the public institution. However, when the home was a public facility, the residents were categorically ineligible for SSI benefits. To assure that the SSI program would not impede deinstitutionalization efforts, SSI was amended in 1976 to exclude from the definition of public institution any publicly operated community-based residence serving 16 or fewer individuals.

Some of the people deinstitutionalized in this effort became street people. Public efforts to provide emergency shelter and other needed services resulted in their being ineligible for SSI because they were housed in public shelters. In 1983, Congress enacted legislation which further liberalized the treatment of residents of public insitutitions to provide SSI for up to 3 months in any 12-month period for individuals otherwise eligible but who live in public emergency shelters for the homeless.

CLOSING LOOPHOLES, IMPROVING EFFICIENCY, AND REDUCING COSTS

Over the years, the effects of unintended loopholes in the program surfaced and changes in some program provisions were enacted to deal with them.

For example, legislation enacted in 1980 substantially eliminated situations in which retroactive Social Security benefits resulted in "windfalls" to SSI recipients because SSI did not adjust to take into account the Social Security benefits due for the same period. Also, to discourage persons who agreed to sponsor and could afford to support immigrants to the United States, but who then rely on the SSI program to provide financial support. Congress enacted legislation in 1980 which requires that the income and resources of sponsors be considered as the income and resources of aliens for 3 years after their lawful admission.

To deal with situations in which an applicant or recipient disposed of assets in order to become or remain eligible for SSI, Congress enacted a provision in 1980 requiring that the uncompensated value of any resource disposed of for less than its fair market value continue to be taken into account as part of the individual's resources for 2 years after disposal.

Prior to 1981, unnegotiated SSI checks were credited to the general fund of the Treasury but were not reelected to the SSI appropriation or returned to the States. A procedure was established to recredit the SSI appropriation with any SSI checks remaining uncashed for more than 180 days. Amounts representing State supplementation included in such checks are returned to the States. The effect is to reduce the amount that must be allocated by both the Federal and State governments.

DISABILITY PROVISIONS

SSI work incentives have been improved by the Social Security Disability Amendments of 1980. The automatic 12-month reentitlement period in which benefits can be reinstated immediately without a new application or disability determination for individuals who stop working but are still impaired, and the deduction of work expenses directly related to an individual's impairment, are common to both the SSI and Social Security programs. Under SSI, the disregard of more than one-half of the amount of earned income and the inclusion of vocational rehabilitation requirements are also intended as incentives for individuals who want to attempt to work. Another such provision unique to SSI is section 1619 of the Social Security Act. Section 1619 was designed as a 3-year experiment which allowed the continued payment of Federal SSI benefits (and optional State supplementary payments) to SSI recipients who continued to be medically disabled and whose earnings—after deductions for impairment related work expenses—were above the SGA level—generally, $300 a month—and below the break-even point (the amount above which SSI benefits are not payable). Section 1619 also continued medicaid eligibility for individuals in this category whose earnings were above the break-even point but whose income was not judged sufficient to provide a reasonable equivalent of these benefits.

The provisions in section 1619 expired December 31, 1983. The Secretary of HHS authorized a demonstration project through December 1984 which is modeled after

the 1619 experiment, SSA is collecting and analyzing data to determine the effectiveness of the experiment as a work incentive and we will report our findings to Congress.

CHARACTERISTICS OF THE SSI POPULATION, SSI INCOME LEVELS, AND EXPENDITURES

The first 10 years of the SSI program have been marked by initial rapid growth and a subsequent decline in the SSI caseload, In January 1974, more than 3.2 million persons received SSI benefits. Approximately 3 million of those had received public assistance payments under State programs. From that initial month, the rolls increased to 4.3 million recipients in December 1975. Following this peak, the numbers have decreased each year to slightly less than 3.9 million recipients at the end of December 1983. The major reason for the decrease is that there has been a steady decline in the number of new eligibles.

The overall decrease in the number of people who came on the SSI rolls from 1974 through 1983 is about 66 percent. The most dramatic decrease has been the 83 percent decline in newly eligible aged recipients. In January 1974, approximately 2 million persons received SSI because of age. While the numbers of recipients who are aged 65 has remained about the same, the numbers who come on the rolls as aged have been decreasing since the end of 1975. As of December 1983, there were 1.5 million persons receiving SSI benefits who became eligible based on age. Another 500,000 recipients who are now aged 65 entered the rolls as blind or disabled recipients.

In December 1983, 55 percent of all SSI recipients were aged 65 or older, compared with 61 percent in January 1974.

Over 16 percent of SSI recipients are aged 80 or older, This percentage has remained fairly constant since 1974. Currently, three out of four persons receiving SSI are over age 50; in 1974, four out of five SSI recipients were over age 50.

Two-thirds of all SSI recipients are women. Of this group, three out of four are aged 65 or older. The proportion has been the same since 1974. The higher life expectancy of women and their lower overall level of nonassistance income are reflected by these data.

Fifty-eight percent of SSI recipients are white and 26 percent black. Persons of other races comprise 4 percent, while race was not reported for 11 percent. Similar distribution is found in each category and has not fluctuated since 1974.

Sixty-nine percent of all SSI recipients lived in metropolitan areas in December 1983. Seventy-two percent of the blind and disabled recipients, but only 63 percent of the aged recipients, lived in metropolitan areas. Since 1974, the proportion of SSI recipients living in metropolitan areas has increased nearly 10 percent.

Social Security benefits are the primary source of SSI recipients' other income. In December 1975, nearly 70 percent of the aged SSI recipients and 36 percent of the disabled recipients received Social Security benefits. The average Social Security payment received by SSI recipients was $130 a month. By December 1983, the proportion of disabled recipients with Social Security benefits increased to 39 percent, while the proportion of aged recipients with Social Security remained steady. The average Social Security benefit in December 1983 for all SSI recipients was $240.

Only 11 percent of all SSI recipients (some of whom also receive Social Security) have unearned income other than Social Security benefits. This percentage has remained fairly constant since 1974. The average monthly amount of these other types of unearned income has increased from $61 in 1974 to $82 in 1983.

Of the total SSI population, 1.4 percent of the aged, 6.3 percent of the blind, and 4.4 percent of the disabled have income earned from working. The average monthly earnings in 1983 for those recipients who worked was $116 for the aged, $427 for the blind, and $98 for the disabled.

SSI INCOME LEVELS

SSI assures an annual income that in 1984 is 76 percent of the current official projected poverty line for an individual and 84 percent for a couple. These comparisons take into account only the Federal SSI benefit levels.

When State supplements are included in the comparison, the level of income more closely approaches the poverty level depending on the amount of a State's supplementation levels. Four States provide supplements which, in addition to SSI, raise assistance levels above the poverty index for aged individuals. Nine States provide supplements which raise aged couples' income above the poverty index.

The SSI benefit rate for individual living in their own households has increased 124 percent—from $140 in January 1947 to $314 in January 1984. During the same period, the CPI has risen 117 percent.

EXPENDITURES

The total amount of Federal SSI benefits paid, not including State supplementation, increased from $3.8 billion in 1974 to $7.2 billion in 1983, an increase of 89 percent.

Currently, 16 States and the District of Columbia have their optional State supplements administered by the Federal Government and 26 States and the District of Columbia have federally administered mandatory supplements. Total expenditures by States for supplementary benefits have increased by 37 percent from almost $1.5 billion in 1974 to almost $2 billion in 1983.

ADMINISTRATION

In planning SSI, Congress concluded that sucessful administration of the SSI program would be achieved by using SSA's administrative structure. Congress looked to SSA with its existing nationwide network of offices and contact points, and its experience with large benefit programs as the agency that could effectively run the SSI program.

The first decade of the SSI program has been marked by significant changes and improvements that have led to improved fiscal responsibility and administrative efficiency in the day-to-day operation of the program. The changes and improvements also, in many cases, have reduced the burden on recipients and resulted in more accurate, reliable payments.

The startup problems of the SSI program are well documented. Computer systems problems of early 1974 were quickly ironed out, and numerous errors were found and corrected. New systems were established, employing advanced data processing and telecommunications techniques which allowed SSA to establish SSI claims and pay benefits in time to meet the current needs of the typical SSI recipient. As you know, Mr. Chairman, SSA is now embarked on a complete overhaul of our computer systems which should result eventually in further improvements in the delivery of the SSI program.

One of SSA's primary commitments has been to improve the effectiveness and efficiency of its policies and administration. To help meet this goal, SSA developed a quality assurance system which measures the accuracy of payments, identifies problems, and suggests corrective action. Since 1974, SSA has reduced the SSI payment error rate from 10.9 percent to 3.6 percent as of September 1983 (latest data available). Currently, we are examing ways of simplifying our administrative policies.

Another significant, and I believe the most important, agency goal is to render service to the public in a uniform, courteous, sensitive and dignified manner. SSA assists SSI applicants in obtaining the evidence neccessary to establish their claims. Special efforts are made to assist those who, due to age or disability, are unable to pursue their claims or report when they have a change in circumstances. SSA periodically reviews the eligibility factors and payment amounts of SSI recipients. These redeterminations have been streamlined to the extent that we only request minimal information of those recipients who, through SSA's quality assurance review, were identified as persons whose situations are not likely to change year to year. On the other hand, in-depth redeterminations are conducted on those recipients whose circumstances are more likely to change.

As proud as we are of our many successes in administering the SSI program, we are not resting on our laurels. We are constantly seeking to improve its administration, ease the burden on recipients and provide more accurate payments.

Two specific improvements we are presently working on which will help us make these kinds of improvements are:

The second phase of a project that will give field offices advanced processing technology to automate many of the manual functions presently being performed; and

A reduction in the volume and complexity of SSA's documentation requirements. This initiative will maintain payment accuracy while simplifying the process of determining eligibility.

In the interest of future planning and to ensure that SSI continues to be targeted to those who need it most, we are obtaining more information about recipients and potential recipients. One way we plan to obtain information is through a survey of SSI recipients. Another way is through an analysis of the SSI Alert activity resulting from Senator Dole's amendment in the Social Security Amendments of 1983 (Public Law 98-21). Currently, SSA is in the process of notifying Social Security beneficiaries of their potential eligibility for SSI. Although the purpose of these "alerts" is to seek out those who appear eligible but for one reason or another have not applied for SSI, our experience in handling the alert program will be evaluated

to learn how we can improve on the outreach process and to learn why people who appear eligible decline to paticipate in SSI.

CONCLUSION

Ten years after its implementation, SSI remains faithful to the basic principles on which Congress built the program. It has retained the efficiency and effectiveness of the flat grant approach and continues to place emphasis on providing incentives to work and rehabilitation. Although there have been some changes in the way certain kinds of income and resources are treated, by and large SSI still is a program that supplements other income up to a uniform, nationally established, floor of income.

SSI is accomplishing its mission supplementing the Social Security and other programs for the needy aged, blind, and disabled. While there will always be debate about the level of benefits and the fairness of particular provisions, I believe there is now a broad consensus that the basis SSI approach is a sound one and that whatever changes are made are based on the principles and framework that have been established.

Chairman HEINZ. Commissioner McSteen, If you had one improvement to make in the program, in the required legislation, what improvement would you make?

Mrs. MCSTEEN. Well, that is a difficult question because it touches on a number of issues. I would say that the greatest potential lies in the fact that we have an opportunity to take a look at all other Federal and State programs that impact on the lives of individuals and see how we can pull those together, in an effort to bring people in this country above the poverty line.

Chairman HEINZ. And, looking just at the administrative requirements of the program, you mentioned the need for outreach, which you are working on, but are there any elements in the program right now that are more modest, perhaps because they are administrative, that you would seek to change?

Mrs. MCSTEEN. Well, SSI is a complex program administratively, but we find that our greatest problem, really, is reaching people who may be potentially eligible and helping them understand where else besides SSI they may look for benefits to help alleviate their needs. If we adhere to the real framework of what we are supposed to be doing, and that is targeting aid to the most needy in this country, we feel that we must continue to find other ways in addition to SSI to see that these people are well taken care of.

Chairman HEINZ. Let me give you one example which is dealt with in the legislation that Senator Moynihan and I have introduced, it has to do with the way the assets test works and how, if you are, as an individual, 5 cents over the $1,500 asset test, you lose your entire SSI payment for as long as you are 5 cents, a dollar, $5 over the $1,500 asset test. We are going to hear later this morning from some individuals who lost their entire SSI benefit for those several months, simply because they really did just have a few dollars more than the limit allows.

I would have to imagine that such a strict rule gives the Social Security Administration some headaches. As I understand, about half the total dollar amount of SSI overpayments are associated with the assets test.

So, first, let me ask you if you agree that there is a problem with the assets test and with what happens as a result of it.

Mrs. MCSTEEN. The assets test has always been a concern because it is difficult to determine what assets an individual has and

the value of those assets in some cases. Administratively, it is difficult, it is difficult to seek out this information from the individual.

I would like to mention that even though the asset limits of $1,500 and $2,250 have remained the same as originally set, the assets test has been changed in other ways. There are many assets that are not included in this limitation. It took us several years to come around, in 1976, to recognizing that the home should be excluded regardless of the value, and I think that was a giant step forward. And then, a little later on, starting in 1979, the value of resources was determined by the equity that the individual had in them rather than on the current market value. I thought that was a step forward. The amount of household goods and personal effects that could be excluded was increased from $1,500 to $2,000. The automobile is not counted as a resource if it is of resasonable value. That was raised from $1,200 to $4,500 current market value. And then, in 1981, transfer of resources was addressed, and if the recipient sells or gives away a non-excluded resource for less than the fair market value in order to establish SSI/Medicaid eligiblity, he is charged with the uncompensated value. I think that is a fair and equitable way of looking at those assets.

Joint bank accounts have always been a problem. As you recall, we were very firm in our approach to that, and if an applicant's or recipient's name was on the joint bank account, we considered that to be a resource. But we changed that, too, and now the individual has an opportunity to indicate whether the asset truly is his. No longer does just having his name on the title result in our considering the account as a resource.

And last, the burial plot and an amount of liquid resources for burial arrangements were recognized as exclusions from resources.

So I would say, in going over that long list that we feel that there are ways that individuals can have sufficient assets and still receive SSI. Now, this does not diminish the issue that you raised about the difficulty of trying to face up to why 5 cents or $5 makes a difference. The only thing I can say to you is that we are attempting to adhere to the intent of the law. Of course, we are also concerned about the administrative costs of considering that $5—where it came from or what it really means.

Chairman HEINZ. Well, I agree with you, Commissioner, that the way the law is written, you have to cut off someone's $200 or $300 benefit check—it might be $100, it might be $200, it might be the maximum of $314—if they have $5 in their bank account more than they should have in terms of the liquid asset threshold of $1,500.

But my question to you is, does that provision of the law make sense, and is the punishment not just way out of proportion to the circumstances. For the most part, I suspect these people don't knowingly commit an infraction. We are not supposed to penalize people for savings in the first place. We are supposed to encourage it. We understand, of course, that we do not want to pay benefits to people who have assets that can finance their own way. But do you agree or disagree with the policy here, which is that if you have just a few dollars more in your bank account than the law says that you ought to have, that the punishment for this information is losing your entire SSI benefit, even if that is 30 or 40 or 50 times

the amount that you have exceeded the assets test—is that good policy?

Mrs. McSteen. Well, I think we and everyone in this country have to address this issue—if we allow for those kinds of exceptions, what does it equate to in terms of taxpayer cost. And I think that is a major concern in most of the policy issues that would liberalize the program. There are some exceptions, as you know, that have been granted. Also, States have leeway in extending medicaid coverage to individuals who don't quite meet the SSI eligibility criteria, and they have generally exercised that option.

As I see it, it is an issue—.

Chairman Heinz. Well, then, your position is that it is good policy if someone has even a diminutive amount over the asset test that they should lose their entire monthly benefit; that is what you were saying?

Mrs. McSteen. Well, it is actually a question of where do you draw the line—whether at 5 cents or $50 over the limit is a determination that has to be made. I don't know what——

Chairman Heinz. Well, there is another way of looking at it, if you will excuse me for interposing. The other way of looking at it is that maybe there is a more equitable remedy that solves your problem and does not create what might to the casual observer seem to be a totally unjustified hardship on someone for several months.

For example, maybe what we ought to do when someone has $5 more than they should in their bank account is to reduce their SSI benefit by $5; if they have $100 more than they should, reduce their benefit by $100.

That seems to me to be intuitively fair. Would you have a problem with that?

Mrs. McSteen. On the face of it, I agree with you that it would appear to be fair. I must say to you as the administrator of the program that I think we would spend quite a bit of money trying to make those adjustments and keep those adjustments correct, because as you know, part of the problem from month to month is making sure that the individual gets the right amount of money at the right time. The alternative would not be simple to administer.

Chairman Heinz. Now, as I understand, what happens now is somehow a determination is made that instead of having $1,500 in your bank account, there is $1,507. And a notice is mailed to the person that says, "You've got $1,507. That is $7 too much, and until you solve the problem, you are off the rolls."

Then, another piece of paper is generated and sent to the computer down in Baltimore that says, "Stop paying benefits." Someone punches that in, and the computer stops sending out checks.

The alternative is for the person who punches out the card that goes to the computer in Baltimore to punch in, "Reduce the check by $7 until we tell you differently."

Now, why is that more difficult?

Mrs. McSteen. Well, it involves the use of the computer system, and our system is not as sophisticated yet as we hope it will be in the future——

Chairman HEINZ. Do you anticipate that at some point, you will be able to perform the function I just described without the difficulty?

Mrs. MCSTEEN. Yes.

Chairman HEINZ. And under those circumstances, would the remedy I have just described seem to fit the problem a little bit better?

Mrs. MCSTEEN. It would help, but we would also have to determine where that money came from and verify——

Chairman HEINZ. But you do that now, don't you?

Mrs. MCSTEEN. Well, for the $5 it is a notification that does not cause us to change the amount of the benefit by subtraction of a small amount from the benefit each month. A benefit that is regular and continuing is much easier to control, of course.

I would like to say that bank account assets account for only about one-fourth of overpayments, so although it is an issue if it is even one person—I suppose what I am trying to say is it has not been one of the major concerns.

Chairman HEINZ. Thank you.

Senator Evans?

Senator EVANS. It is interesting to listen to the discussion today, from this side of the table. I must make a comment in passing that when I sat on the other side, trying to operate programs at the State level in cooperation, or in partnership with the Federal Government, we were plagued by change, which is probably the most difficult thing to implement. The difficulty is getting involved in a program, bringing it to the point where it is administered and understood reasonably well, only to find that there is a brand new law, a brand new set of regulations which, almost invariably, are more complex. Then, the problem continues after you have tracked them down and find they have arisen from a complaint filed somewhere which generates staff work to compile a list of horribles, which leads to a hearing, which leads to a new law, which leads to new regulations, which leads to greater errors. However, that is not necessarily a bad process. But I am curious, after 10 years, could you tell me—I do not know whether it is in inches or pages—what the average eligibility worker has to work from in terms of this program?

Mrs. MCSTEEN. I think you must have been talking to Senator Heinz, because the last time I was here, he asked me to explain why we had to have 17 feet of manuals for our people——

Chairman HEINZ. Is it up to 17 feet now? It was holding steady at about 12 or 14, I thought.

Senator EVANS. I think I preceded tier growth some. There was a hearing held about 8 or 9 years ago when Nelson Rockefeller was Vice President. He brought some Cabinet members around to various cities in the country, asking about the intergovernmental relationships that then existed, listening to Governors, mayors, and county officials. We decided to emphasize to him the very problem of the complexity of regulation and how it affects management. Everybody at that time—and I suspect it is the same today in Congress—complains about error rates and the difficulties of management, but I do not think they understood just what the person on the firing line has to deal with. And we brought along the books—

they were not 17 feet, or even 12 feet—but they were about that high for the average, plain, front-line eligibility worker. And the message we gave to the Vice President then was literally, "Get off our backs." It seems to me sometimes that we are so careful trying to catch every conceivable little thing that we end up building an impossible set of circumstances and spend more money trying to chase down the small errors rather than putting the money where we really want it to go—in the recipient's pocket.

So with that sermon, I would be interested to know what kind of regulations do we have to deal with for this particular program?

Mrs. McSteen. Because of all of the alternatives and the verification requirements, what we have done since 1978 is to specialize and split our interviewers. We have about half of them who concentrate on and are responsible for SSI.

Our instructions are voluminous, I would say—and I do not know whether measuring them in inches is important—but because we have attempted valiantly to improve the error rate, I must admit that we have required a great deal of documentation on the part of our interviewers. And you are talking about a segment of a manual that they must follow, and very specifically.

We have discussed changing the adjudicative climate in which an interviewer operates to give the adjudicator greater flexibility in making the decision. But when you do that, and you are talking about interviewers in some 1,400 district offices across the country, then you begin to have great variations in the applications of the law and the regulations. So consistency is a constant administrative issue. We attempt to provide instructions that are guided by the legislation. And we cetainly stand ready to simplify administration in any way that is consistent with congressional intent. Certainly, if we were to consider ranges of money as opposed to precise dollars and cents, the program would be easier to administer.

Senator Evans. And I do not really fault those who are trying to carry out the laws and have to write the regulations to flesh out the laws we pass. We tend to give conflicting signals, and I think we are at a point where it would be nice if we could somehow make those signals more stable and keep them for some longer period of time. We are now talking about trying to correct problems where people are eliminated from the rolls or do not receive benefits, and I will be willing to bet that it will not be very long before the examples come back in and the pressure is then on to tighten up the program again and to spend our efforts on error rates and on recovery. It is that continual shifting and hauling, it seems to me that is destructive to a program, and I would be interested in searching for ways--you mentioned ranges that might make it simpler to administer—that would help to simplify the process. It seems to me that this would be beneficial all the way around. We could get more money to recipients if we were smart enough and were willing to recognize that we are not going to be totally error-free. I sometimes like to—maybe it is an oversimplification—but to equate what we try to do in governmental programs with a retailer. A retailer always has problems with shoplifting, and with loss of merchandise. It is possible to get that down to zero. You could put metal detectors in every doorway, you could put merchandise behind bars, you could have an attendant in every dressing room.

There are a whole host of things you could do in order to get an error rate down to zero, but you would not have any customers. And I think we ought to take a little of that element of private enterprise into what we do in Government, recognizing that it is not only simpler, more beneficial for the recipient, and cheaper in the long run for the Government, to not try to nail every last dime, but to simplify our process.

With that, I do not know if there are other ideas that you or the other administrators have in mind that would help in this simplification, making a process where you had a little more flexibility to operate, and I suppose in return, we would have to be willing to accept the recognition that we are not always going to be error-free.

Mrs. McSteen. Yes; I think if we had an opportunity to be more flexible and do a demonstration project in a State or in a given area, and then see what our results might be, cost-wise, as well as generally serving the clientele, that is the only way I think we would ever know. So we certainly could do that.

We really have not done as much as we could, I think, in the whole area of disability rehabilitation for SSI, or for title II, and it is one of my plans and objectives to pursue that vigorously. The private sector does need to be involved with us in that endeavor, and I do not think we have gone nearly as far as we could in order to do that. The private sector has not been that much involved. We have not let them be that much involved in contributions outside the income and resource limits. But all of those are things that could be done, and certainly on a pilot basis.

Senator Evans. To your knowledge, has anyone done any studies on the cost of managing or supervising for the error rates and the overpayments and underpayments, as opposed to the amount the Government may recover? At some point, we get down to diminishing returns, where it costs us more to manage than we have any hope of recovering.

Mrs. McSteen. I do not know that we have any sound statistics on that. I would be glad to submit them for the record.

[Subsequent to the hearing, Mrs. McSteen submitted the following:]

Cost-Efficiency of Overpayment Collection Procedures

During fiscal year 1983, SSA spent $0.18 for every $1 of SSI overpayments collected, compared to $0.16 cost per $1 of all debts that SSA collects. The slightly higher cost of collecting SSI overpayments results because frequently events which cause a recipient to be overpaid also terminate the recipient's eligibility, so that there are no countinuing benefits to withhold. Other overpayments more frequently can be recovered by adjusting future benefits, because the cause of the overpayment usually does not end eligibility for these other benefits. Benefit adjustment to recover an overpayment is more cost-effective than attempting to recover the overpayment by refund from the overpaid individual.

Senator Evans. If there is anything, it would be interesting to know whether anything of that nature has been done. It would be helpful in trying to guide us in what makes sense and what does not make sense.

Mrs. McSteen. In being driven to operate a cost-effective program, we do look at those error rates very carefully, and we do

work very hard to be fair to the taxpayer in that connection, and there is not a great deal of leeway in that respect.

Senator EVANS. I might say that just before coming over here, I had the director of our department of social and health services in the State of Washington come in to see me, quite upset, because of the way in which we are managing the problem of error rates and trying to bring them down, pointing out that another State brought an error rate from 18 percent down to 12 percent or so and received not only no sanctions but I guess commendation for doing it. Ours was at 7 or 8 percent, came down 2 or 3 percent, and we are under sanctions. Now, that simply is not fair, and I do not know how it operates or why it occurs in that fashion, but that is another concern and one that I intend to try to deal with.

Mrs. MCSTEEN. We have taken a very careful look at our redetermination process, which is aimed at trying to produce a better program, and we have been able to do some profiles as they relate to the overpayments and the redetermination process. We have eliminated a number of the kinds of cases that we redetermine because the profiles show that redetermination is not cost-effective. We definitely would have that kind of information.

Senator EVANS. Perhaps this would be better for you to submit for the record, unless you have a handle on it now. What percentage of overpayments and underpayments, if there is a total percentage error rate, what percentage of those errors fall within a 5 percent—in other words, the very small errors. You can talk about an error rate that may even be quite large, but if the amount of each error is very small, it may not be so much of a problem.

Mrs. MCSTEEN. I would be glad to submit that for the record.

Senator EVANS. And finally, also, if you do have any other ideas you would like to submit for the record that would deal with this broad field of simplification and more straightforward management, the tools that would be helpful to you in order to handle the program in the most efficient and cheapest way possible, in order to maximize the amount we can ultimately get out to the recipients that need the help. That would be very helpful to us.

Mrs. MCSTEEN. We would like to have that opportunity.

Senator EVANS. Thank you.

[Subsequent to the hearing, Mrs. McSteen submitted the following:]

COMPARISON OF INCORRECT PAYMENT AMOUNTS AND INDIVIDUAL'S FEDERAL BENEFIT RATE

In about 26 percent of cases with payment errors (overpayment or underpayment), the incorrect amount that accumulates until the error is found is about 8 percent or less of the Federal benefit rate for an individual (about $25 or less). The following table shows the percent of error cases related to the size accumulated of payment errors (overpayments and underpayments):

Incorrect payment amount	*Percentage of error cases* [1]
$0.01 to $4.99	0.7
$5 to $25	25.7
$25.01 to $50	15.7
$50.01 to $75	18.3
$75.01 and above	39.6

[1] Data from October 1982 to September 1983 sample review period.

SSI ADMINISTRATIVE SIMPLIFICATION INITIATIVES

We are constantly reviewing the SSI program with a view toward making it more efficient and effective. As part of that review, we analyze legislative proposals that might simplify administration of the program. We also look for ways to improve program administration without new legislation. Some of the activities we are planning are:

A statistically valid survey of the SSI population.—This will provide additional data about the charactieristics of the population and the potential effects of regulatory and policy changes in terms of cost/savings and effects on the recipient. We expect that the survey data will prove useful by suggesting possible policy simplifications and as a mechanism for evaluating proposed changes.

Redetermination changes.—Beginning in fiscal year 1985, we will use a profiling technique that better identifies high-risk cases for redetermination. The new profiling techniques will target fewer recipients for intensive redetermination interviewing and development while identifying as many if not more erroneous payments for correction as in the past. We continue to explore ways to improve the targeting of recipients for redetermination. Improvements in this area not only reduce the resource needed to admininster the program but also reduce the reporting burden on the SSI population.

Increased interface activity.—We are increasing the number of interfaces with States to simplify and improve eligibility verification. Our efforts include: (1) Implementing matches with State records of bank account, wages, unemployment compensation, AFDC, and similar data; (2) negotiating with States for such matches; and (3) lending assistance to States that are pursuing or are interested in pursuing legislation within the States to permit such matches.

Additionally, we are developing a procedure to assure an accurate evaluation of the cost-effectiveness of individual matches so that we may target our efforts and resources most efficiently.

Senator EVANS. Thank you, Mr. Chairman.

Chairman HEINZ. Thank you, Senator Evans.

As you are aware, we moved to a performance system of reimbursement for vocational rehabilitation in 1981, and the result is that the amount of money that has been spent by the Federal Government has dropped significantly, from about $124 million to, I guess, in 1983, about $6 million. One of the objectives of SSI is to try and get people whenever possible back into the work force. Is it your view that the money we were spending before was largely being wasted? Were we wasting $118 million of the $124 million that we were spending? Or to the contrary, is the $6 million we spend today not enough money to spend on rehabilitating people vocationally? And if the latter is the case, what do you recommend we do?

Mrs. MCSTEEN. Of course referral for vocational rehabilitation is required for SSI. Initially, as you know, referral for vocational rehabilitation was to take place—and reimbursement for the vocational rehabilitation services occurred—regardless of whether the services actually rehabilitated a person and got him back into the labor market. That does not happen very often, and whether that attests to the fact that the individuals who receive SSI disability are truly disabled and unable to work is also an issue.

Many of the SSI disabled who attempt to work work in sheltered workshops, and we have not had a great deal of success in rehabilitating those individuals. I do not think money is an issue. I think the issue is finding real jobs that we can move those people into. We do not have incentives for employers to take on a disabled individual, and I think that is something that we have not pursued to quite the degree that we could.

Chairman HEINZ. I think that is a well-taken point. There is, however, something about the current performance system that concerns me. I do not know what the right answer is, but the concern is this. Certainly, there is no way that no matter how selective a State is in choosing people who are likely to benefit from vocational rehabilitation, I am going to repeat that for the benefit of my friend, the former Governor, and Senator, because he brings a special expertise.

Dan, I was saying to the Commissioner that, regarding the performance-based rehabilitation reimbursement we now have, that no matter how good the Governor is, how selective the State is in choosing people who are likely to benefit from vocational rehabilitation services, they are certainly not going to be successful 100 percent of the time, and I suppose if they were successful 70 or 80 percent of the time, it would be a miracle.

All that we pay for now is the cost of successfully rehabilitating that 70 or 50 or 60 percent—whatever the percentage is—so that the State has to bear the entire cost of being wrong. As a result, I suspect that States say, "Gee, that is a risk we do not want to be totally on the hook for. Let's just not rehabilitate people." Ergo, would it not make a little more sense to say, "We recognize there are going to be some failures, and what we will do is we will reimburse you at more than 100 percent—pick a number, 150 percent of your cost—recognizing that you have to rehabilitate 1½ people to actually succeed in rehabilitating one." It would still be a performance-based system, but it would be less discouraging to the States to provide those services.

What do you have to say to those observations and that suggestion?

Mrs. MCSTEEN. Well, I would suspect that the States would welcome any increase that would be recognized——

Chairman HEINZ. Oh, I have no doubt about that. But presumably, you are not here to speak on behalf of the States.

Mrs. MCSTEEN. That is right. that is right. Well, we do not have sufficient incentives to get either the person into vocational rehabilitation or the vocational experts' interest in rehabilitation across-the-board. We just simply do not have those incentives in our current program.

Chairman HEINZ. Would what I have proposed be an improved incentive, the 150 percent reimbursement per successful person?

Mrs. MCSTEEN. Any monetary increase would be an incentive, yes.

Chairman HEINZ. But is it a good kind of incentive as opposed to an ineffective incentive. I could think of lots of things that would increase the amount of money spent, and in a sense, they would be an incentive to do more, but not necessarily succeed more.

Mrs. MCSTEEN. But I think we would have to test it. I do not know what the results would be. I think it certainly would be worth testing.

Chairman HEINZ. Did we test the performance-based system we moved to in 1981?

Mrs. MCSTEEN. As far as results—we may have some figures on that, but I do not have them readily available.

Chairman HEINZ. Does anybody know? I see all kinds of talent behind you there.

Mrs. MCSTEEN. We have our numbers people here.

Chairman HEINZ. But do we know whether——

Mrs. MCSTEEN. Well, there are other tests, but we do not have any figures for you today.

Chairman HEINZ. So the answer is, we changed the system last time and we did not test it, either; is that right? Senator Evans, do you have any questions?

Senator EVANS. Well, I might just give a little insight at least from several years ago. I do not know how States operate currently, but I can guess how they would operate in a system like this. If the payment is on a performance basis, naturally—and there is a penalty per se for not rehabilitating a large percentage of those who go into vocational rehabilitation—it seems to me it is almost counter-productive, because the natural inclination then is to accept for vocational rehabilitation those who are at the top end of the scale, many of whom probably, even on their own, would somehow make it back into effective participation in the workplace.

It might be in the long run a whole lot more beneficial, both for the individual and for the State and the Nation, to take on some of the toughest cases; the success rate might be lower, but the chances of any of those people getting into the work force on any continuing basis without extensive help is practically zero.

So in the long run, you might do a lot better rehabilitating one person who never has a chance, rather than 10 people all of whom are likely to make it on their own, or a high percentage are likely to make it on their own. And I think sometimes, we get so caught up in how to measure and how to pay, seeking this performance, that what you end up doing is forcing the managers of a program to manage to the test, which gets us into a whole other arena of the value of some of our testing programs in our schools.

And I do not know if you have any comments on that particular—the whole question of performance standards versus just picking some average or, from experience, understanding what the general likelihood is of success, basing the program on a fixed reimbursement, and then just depending that those running vocational rehabilitation programs would like to be successful. I can't imagine anybody running a vocational rehabilitation program in any State who would not like the opportunity to succeed to the maximum degree possible with those cases which are the most important ones to try to help. In other words, is a performance standard even a good idea?

Mrs. MCSTEEN. Well, it certainly is the one we have been living with.

Senator EVANS. Well, I know it is, but——

Mrs. MCSTEEN. And as far as we know it has not produced the results that we had hoped that it would, so there must be something wrong somewhere.

Chairman HEINZ. But you have no idea what is wrong.

Mrs. MCSTEEN. I beg your pardon?

Chairman HEINZ. I said you have no idea what is wrong and how it should be changed?

Mrs. McSTEEN. Well, there are indications that, even though the persons are rehabilitated, they have not been willing to go back into the labor market, or have not been able to get back into the labor market because the employer would not take them. We have had instances of people ready to go back to work, and jobs have been offered, and the individual said, "But I might lose my medicaid," or on the title II side, their medicare, and they choose not to go back to work even after they have been rehabilitated.

So it is a broad issue, and not just an issue that stops with VR. And again, I was going back to asking that perhaps we might have more opportunities for demonstration projects with the private sector and involve the private vocational rehabilitation agencies as well as the States.

Chairman HEINZ. Is there any barrier to your doing that now?

Mrs. McSTEEN. Well, money would be a chief barrier, in that we would be limited in how much we could do. We could propose to some employers a plan, and then try to cost it out and see what we could save in the long run. But if we did it on a large scale, I think it would need to be authorized through a demonstration.

Chairman HEINZ. If you do it on a large scale. But you are saying what you would like to conduct some demonstration projects and do some testing. I asked you if there was a barrier to doing that. You said there is a barrier to doing it on a large scale, and somehow, I am a little concerned about where I went wrong in asking my question, because I did not get an answer to it.

Can you accomplish what you say you want to do through demonstration projects without authorization by the Congress, or without seeking more money—yes or no?

Mrs. McSTEEN. No, we cannot.

Chairman HEINZ. You cannot. Well, then, will you tell us what kind of authority you want? Have you asked for authority to do this?

Mrs. McSTEEN. The demonstration projects, yes.

Chairman HEINZ. And that is in some proposal that is before the Congress?

Mrs. McSTEEN. I am not sure it is in an actual proposal now. We have had that authority, as you know, and it expires next year.

Chairman HEINZ. So you have the authority——

Mrs. McSTEEN. Currently.

Chairman HEINZ. Currently, but you are not using it.

Mrs. McSTEEN. Not effectively.

Chairman HEINZ. And is there a reason you are not using it effectively?

Mrs. McSTEEN. Well, we simply have not been able to get all the parties involved, like States and employers, to participate, and we have not had success in working with the insuring and VR organizations. We have——

Chairman HEINZ. I understand. But is there anything you need from Congress—there are some things one would like to do that, no matter how much one wants to do them, are impossible. That is life, or, as President Carter used to say, life is unfair. But is there anything you need from Congress other than the continuation of existing authority, which I would imagine you will get even if you

do not ask for it. Are we part of the problem? That is what we need to know.

Mrs. McSTEEN. OK. If we had the extension of the authority for demonstration projects that should suffice.

Chairman HEINZ. All right. We will make sure that that does not fall through the cracks.

Dan, any other questions?

Senator EVANS. Well, one, just to clear up what may be a misunderstanding on my part. What is the current policy when there has been an overpayment. Is it to withhold 100 percent of the benefits until the overpayment is recovered? Is that current policy?

Mrs. McSTEEN. No; it is not. Our policy has been that we attempt to recover the overpayment as soon as possible, but every individual has the right to negotiate the overpayment plan and we attempt to discuss it with the individual. About three-fourths of the individuals ask for and receive a plan for repaying the overpayment before we withhold any benefits, and others negotiate different repayment rates later. The rate of repayment may vary, depending on what that person's income is and what the benefit is. We do not have a percentage limit one way or the other.

Senator EVANS. Could you give us any feel for how frequently you run into problems with recovery of overpayments that are equivalent to over 50 percent of a recipient's monthly check?

Mrs. McSTEEN. Well, any time that an individual is living only on SSI basic income, then any deduction could cause a hardship to the person, and we would attempt to recover the overpayment at a rate that would cause the least hardship. We have asked our adjudicators to attempt to be reasonable in their approach to asking for repayment of overpayments, but with interviewers in 1,400 offices, I fear that sometimes they are not always as fair as they might be. But that is our policy and what we endeavor to do, to make the recovery rate reasonable and agreeable with the party that is overpaid.

Senator EVANS. Well, if there is a problem with only 1,400 and the fact that some of them are not as reasonable as you might want, do you have the authority to change the policy to say to those interviewers, "You will not recover any more than 20 percent," or 10 percent, some percentage lower than 100, as a maximum, so that they are constrained more if some of them get overzealous?

Mrs. McSTEEN. Yes; we do not use the 100-percent overpayment unless the recipient agrees to that. That is our very clearly stated policy, that we would not tell a recipient, "You have to pay 100 percent," unless they agreed to it.

Senator EVANS. But isn't that where you start from; when the interviewer and the recipient get together, isn't that the first request made of the recipient, that, "You have to pay this back, and you have to pay it now"?

Mrs. McSTEEN. Well, the obligation to the Federal Government exists.

Senator EVANS. I understand.

Mrs. McSTEEN. I would suspect that many interviewers begin with the question, "Can you pay it back from your benefit at a rate of 100 percent of your benefit per month?" But the discussion goes

on from there to the negotiating process. And I would hope that it would not be intimidating.

Senator EVANS. Well, I do not know to what degree that is a problem, except that I suspect many elderly and not very knowledgeable recipients, faced with someone who is an interviewer like that, the negotiation and the feeling is probably very much like our feeling when the IRS calls and says "Come in for an interview." It is not an even contest, and there is a lot of fright, a lot of concern, and a lot of fear. That is why I was curious as to what degree is this a problem; in other words, how many times, how often, do we have an overpayment of a magnitude that would cause some real problems. How often, for instance, would we have an overpayment that would be the equivalent of at least 50 percent or more of a monthly check to a recipient?

Mrs. MCSTEEN. I do not know that I can give you the number of times that we do. Typically, the amount withheld monthly to recover an overpayment is 25 percent. The interviewer winds up saying, "Would you repay"—or the beneficiary will agree to repay—"the equivalent of 25 percent of your benefit each month."

Senator EVANS. I am more interested in—and perhaps you can submit this later—finding out how frequently this happens, to get some sense of how big a problem it is.

Mrs. MCSTEEN. Well, we are doing a study on our overpayment process to find out from office to office how they approach it, and to take a look at the waiver process and the entire process. We are looking at the letters that go out to inform an individual that overpayment has occurred, and we are trying to make certain that we give the recipient full information and every opportunity to reach an acceptable repayment plan.

Chairman HEINZ. Madam Commissioner, maybe you could do this for both Senator Evans' and the committee's use—what is the last year for which you have full information, 1982?

Mrs. MCSTEEN. Yes.

Chairman HEINZ. Could you simply supply us with the number of instances of overpayments, and then the breakdown as to how they have been disposed of. We would like to know the number of people who have agreed to 100 percent withholding, including the number of people you did not hear from and whom, by virtue of not having objected, are considered to have agreed to 100 percent withholding. Also, we want to know people who negotiated a different repayment schedule, and, on average, how much they agreed to pay. We need some numbers.

Mrs. MCSTEEN. We would be glad to give you what we have.

Chairman HEINZ. Good.

Mrs. MCSTEEN. We are just going into an automatic——

Chairman HEINZ. Fine. We have a time problem here.

Senator Evans, do you have any other questions?

Senator EVANS. No, except to just add to that information not only what Senator Heinz has asked for, but some ranking of the amounts of overpayment in categories. Some of them, you discover an overpayment and it is de minimus, or very small, and some range of those, especially as it relates to the average monthly benefit, so that we can get some sense of the size and the magnitude of these problems.

[Subsequent to the hearing, Mrs. McSteen submitted the following:]

INCIDENCE OF 100-PERCENT WITHHOLDING TO RECOVER OVERPAYMENTS

During fiscal year 1983, 751,715 SSI recipients were overpaid a total (Federal and State) of $456.9 million. Specific data on how these overpayments were resolved are not available. However, data are available from a special SSI study of 100-percent withholding. The study showed that about 25 percent of sample cases involved 100-percent withholding of at least one check. The average benefit withheld in these cases equalled $96. Our field offices report that, following the withholding of one check, the overpaid recipient usually contacts us and negotiates a lower rate of withholding. We estimate that overpayments actually are recovered by 100-percent withholding in 10 percent or less of the cases in which full withholding has been proposed. The study results indicate that when 100-percent withholding occurs, the overpaid individual usually has other sources of income.

Chairman HEINZ. Just to clarify one thing, you said that 75 percent of the people come in and work out a recovery schedule in which less than the entire check is withheld.

Mrs. MCSTEEN. Yes; three-fourths is what I said, I think.

Chairman HEINZ. Now, I have an example of an overpayment action notice from September of 1983 here, and just so I understand the procedure, it says here, "You owe us money. If, within 30 days, you do not refund the full amount, or if we do not hear from you, we will withhold your monthly payment beginning next month," in order "to recover your overpayment."

Supplemental Security Income
Notice of Overpayment Action

From: Department of Health and Human Services
Social Security Administration

Date: 9/22/83

[redacted]
Phila, Pa. 19132

Social Security Number: [redacted]

We have determined that you received $ 513.60 more in supplemental security income payments than you were due.

You are overpaid because you had excess resources beginning 1/1/80. You were not due the SSI checks received 1/80-3/80.

Please refund the overpayment of $ 513.60 immediately. Make your check or money order payable to the Social Security Administration, social security number 191-22-2688 , and mail it in the enclosed envelope.

If within 30 days you do not refund the full amount or if we do not hear from you, we will withhold your monthly payment beginning 11/83 to recover your overpayment. (Please get in touch with this office if you disagree with the proposed rate of repayment.)

Please read the other side of this notice for important information concerning your right to appeal this determination of overpayment.

You have certain additional rights with respect to overpayments whether or not you agree that you have been overpaid. Under the law, an overpayment must be withheld from payments due you, or paid back unless *both* of the following are true.

1 You were not at fault in any way in connection with the overpayment and you cashed the check(s) because you thought it was (they were) due, *and*

2 You could not meet your current necessary living expenses if you had to pay the money back, or repayment would be unfair for some other reason. (To make this decision, we may need additional information about your resources and your monthly income and expenses.)

If you think you meet both of the conditions which would allow us to waive repayment of the overpayment, phone, write or visit a social security office within 30 days after getting this notice to explain why you should not have to repay the overpayment. If you do not get in touch with us, we will recover the overpayment as described above.

Enclosure
Envelope

Chairman HEINZ. Now, if somebody reads through the form, they are informed among other things that, "Under the law, an overpayment must be withheld from payments due you, or paid back, unless both of the following are true." Item No. 1: "You were not at fault in any way in connection with the overpayment." I do not know that I could ever pass this test. And let me tell you, if the Internal Revenue Service said to me, when I sent in my Form 1040, that "By the way, we want you to sign on the tax form that you are not at fault in any way," I think I would probably have a heart attack.

Senator EVANS. You would probably say, "I am not a crook." [Laughter.]

Chairman HEINZ. So am I right, that if people do not do anything, having been intimidated and scared to death as I would be—that this inactivity is considered agreement? Is silence consent?

Mrs. MCSTEEN. Well——

Chairman HEINZ. I just want a yes or no answer. It is a question that is amenable to a yes or no answer.

Mrs. MCSTEEN. If there is no response at all, then we would assume that it was consent.

Chairman HEINZ. Madame Commissioner, I have got to tell you one thing. A moment ago, you said to Senator Evans, "We do not withhold all of payment from somebody unless the recipient agrees."

Mrs. MCSTEEN. Right.

Chairman HEINZ. And your definition now of agreement is "We never hear from them."

Now, I am going to be very honest with you, and I speak only for myself. I have listened to your answers today, and I have found your answers wordy; I have heard you answering other questions, and if you will excuse me, I have heard you dissembling. This is the second time you have been before this committee as Acting Commissioner, and in my judgment, this is not good enough if you want to be Commissioner of the Social Security Administration.

I do not want to be a Member of the Senate and hear people take up our time answering questions that were not asked, and when they are asked, do not give a yes or no answer, and when pinned down, contradict themselves.

I have no further comments.

Next, we have a panel of witnesses. Aleen Cook, accompanied by Jackie Berry-Day; Dale Roha, accompanied by Terry Morris, and Lee Hoffman, Jr.

Our first witness is Aleen Cook accompanied by Jackie Berry-Day.

STATEMENT OF ALEEN C. COOK, JOELTON, TN, ACCOMPANIED BY JACKIE A. BEERY-DAY, PARALEGAL, LEGAL SERVICES OF MIDDLE TENNESSEE, INC., NASHVILLE, TN

Mrs. COOK. Senator, I could take all day telling you a whole lot of things, but I have the main things here, written down, because I am kind of nervous, so I am going to just read it to you.

Chairman HEINZ. Please.

Mrs. COOK. I am Aleen C. Cook, and I live in Joelton, TN, a small town 25 miles from Nashville. I am glad to be here in Washington, DC, to explain how changing the SSI regulations will help those of us who must survive on a limited fixed income.

I will be 61 years old on July 11. I graduated from the seventh grade. I have been disabled since 1974 because of degenerative arthritis of my spine, hands, and neck. I have a hiatal hernia which has torn so close to my heart it cannot be operated on safely. I have become very nervous over the past years because of the pain and worry.

I have received SSI since 1974. Medicaid has paid for my medications, which would have cost me $148 a month. My husband died in October 1983. I had not seen him for 19 years. The Social Security Administration told me that I had to apply for widow's benefits, or I would lose my SSI.

After I applied, I was denied disabled widow's benefits even though I have been disabled enough to receive SSI all these years. I was given widow's benefits without any medical insurance. I have had to stop going to my regular doctors that I have seen since 1974 because I cannot afford to pay the bills by myself. I now have to go to the county hospital for treatment. I cannot see the same doctor each visit because the hospital uses interns and they rotate schedules.

I live 25 miles from the hospital. I cannot drive myself. There are no buses that go to Nashville from my house. If there were public transportation, I think I would not be able to stand the ride, because it would be too painful for me. I have to pay gas money to anyone I can get to drive me to the doctor or the hospital.

Now that the distance to the doctor has increased, I am paying more money for the travel to and from the doctor. Since receiving widow's benefits, my income has increased $4 a month above the SSI benefit. At the same time, I am paying out more money for medical expenses.

At times, I have to eat only crackers and drink coffee to keep from being hungry, because I cannot afford to buy groceries to fix regular meals. I am now getting my medications paid for by the county hospital. However, the rules at the hospital do not allow them to cover two of my regular medications. I have to go without one, and the other is a substitute, and it does not work as well—of course, that is my nerve medicine, and that is some real good medicine I really need. My orthopedist and my stomach doctor have told me that I need surgery. I worry about being able to have the surgery with no medical insurance. I also have a weak knee, and I do not have a kneecap, because I was in a car accident 28 years ago, and I worry about further injuring myself by falling, which I have fallen lately.

It is extremely difficult to maintain myself on the amount of money that SSI provides. I always had a difficult time before my benefits were changed to widow's benefits. I would much rather be able to work and earn a living than try to survive day by day on such a small amount of money. If I were physically able, I would be out there working every day to make a better life for myself. If I had my choice, I would most definitely choose to have medical insurance rather than $4 more in benefits.

Thank you for asking me to come and speak with you. I hope it will help other people in the same situation.

[See appendix, item 2, for material relating to Mrs. Cook.]

Chairman HEINZ. Mrs. Cook, thank you.

First, let me say that even though you are here as a panel, I encourage the committee to talk with each of you individually so that we can make a record of each of your cases. I understand that you flew down here from Nashville, and that was your first time in an airplane; is that correct?

Mrs. COOK. Yes, sir.

Chairman HEINZ. Well, congratulations. We hope you are as successful on the return as you were on your arrival.

Mrs. COOK. I do, too; I do, too. I vowed I would never get on an airplane my whole life, I was so scared. But so far, I have done real well.

Chairman HEINZ. It could not have been easy to get on a plane for the first time at age 60. Why were you willing to do that after having avoided it for 60 years?

Mrs. COOK. I told Miss Jackie, just anything that we could do to try to do something—I just did not see how in the world I was going to go on like I was, and if there is anything that you all could do for me to help me, I would really deeply appreciate it so much.

Chairman HEINZ. When you were receiving disability benefits when your husband died, did you know that you would have to go off of supplemental security income and lose your medicaid?

Mrs. COOK. No, sir, I did not. They told me on the phone to just come down and talk to them about it, that I could just make my own mind up, and I was just shocked to death when they told me it was either do that or lose my SSI check.

Chairman HEINZ. So you lost your health insurance, in effect, your medicaid.

Mrs. COOK. Yes, sir.

Chairman HEINZ. Now, you went on Social Security benefits, and they no longer considered you disabled, even though your condition had not changed.

Mrs. COOK. That is right.

Chairman HEINZ. Well, let me ask Mrs. Beery-Day, how was it established that her condition had not changed or changed for the better?

Mrs. BEERY-DAY. They have not documented that it was established that her condition did not change. One of the problems is that the regulations as they apply to SSI and SSA for people who are disabled state that you have to have a medically determined disability that meets the listing of impairments or equals them.

Now, the program that governs the disabled widow's benefits, the law states that you have to meet a listed impairment or have an equivalent, and that difference in the language makes it much more difficult for a person in Mrs. Cook's situation to get the benefits.

Chairman HEINZ. Let's just examine what happened to Mrs. Cook. As I understand it, you had been receiving medical treatment from your doctor or doctors for a number of years. When you lost your medicaid, what happened? Were you able to go to those same doctors or not?

Mrs. COOK. No, sir, I cannot go to my doctors now, because I cannot pay them, and medicaid was paying my doctors and also buying my medicine, too. And now, I live so far, and if an emergency arises, like if I fall—like I fell before my medicaid ran out and they cut me off—well, I am just helpless. If you go to General Hospital, you have got to stay just all day long out there, and then you might not get help to amount to anything, even after you see one of the interns. And they do not know my case.

Chairman HEINZ. And how do you pay for the medical care you receive?

Mrs. COOK. Well, I have got a substitute—they finally gave me the two medicines—one of them, I have to buy it, and the other is a substitute, and it just does not work on that medicine. But there are a lot of medicines, too, I have to go with it, to buy over-the-counter, to go with it, you see. It just really makes it hard. It is awfully hard. I just do not know how in the world I am going to make it, and how I could sit out there all day long at that hospital, every time I need to see the doctors, you see, and I have to see them regularly.

Chairman HEINZ. Well, clearly, through no fault of your own, you have gotten between a rock and a hard place.

Let me ask Senator Evans if he has any questions.

Senator EVANS. I do not have any questions, per se, but I do think for the committee's benefit, it would be useful to take this particular case and ask the administrators to very specifically respond in terms of the law or regulation applying to the set of circumstances that you were in and are now in, and what the sequence of events was and how you got from where you were to where you are now. I think that is the kind of thing that would be helpful to us. And I am not at all sure—it is easy for us to go after the administrators, but I suspect in some cases, we may have to look closer to home; that we find what appears to be a problem, we correct the problem, we do not look carefully enough at all of the underlying current laws, and what we do is stack one law on top of another and add to the complexity, to the point where no administrator, no matter how good, could ever hope to keep up with the complexities that we lay on them, and I think that this is a particularly good time for these oversight hearings, and after 10 years of SSI, to not only look at how we can resimplify the program, as I said earlier with the Commissioner, try to give more flexibility and not be so confounded worried about whether we are going to be 1 percent over or under in terms of errors, but try to work to the point where we adequately take care of 100 percent of those who need help. And I think that sometimes, in our efforts to save money, we end up not saving a whole lot, adding to the complexity for the administrators, and ending up with cases like this, where we have clearly got a hole, either in regulations or in law, that allows something like this to happen.

So I think it would be very helpful if we could find out whether it was interpretation or regulation or law that got us to the point.

Chairman HEINZ. In this case, it is law.

Senator EVANS. Well, I suspect that it is. But the only trouble is, if we are going to correct the law, too often, we correct the law by a little corrective measure, and we correct one thing and make it

more complex so that we end up pushing a problem off somewhere else.

Chairman HEINZ. Well, Senator Evans, I like your suggestion. I am sure we can get this information.

Senator EVANS. Yes; well, I am sure we can—and it would be useful just to have a listing or even a chart of: here is the circumstance, here is the law that applies, and here is the regulation that comes out of the law, and here is why this case got where it is.

Chairman HEINZ. At the request of Senator Evans, I am instructing staff to seek and receive, if that is humanly possible, exactly that kind of answer from the Commissioner and her office.

There is one issue I want to check on. Let me ask Mrs. Beery-Day. Does somehow the disabled widow test operate differently than the regular Social Security DI or SSI test?

Mrs. BEERY-DAY. Yes; and that is a quirk in the language of the two laws. The disabled widow requires that the person meet the listing or the equivalent. Now, we can come up with plenty of equivalents that we feel coincide with the law. With your SSA or SSI disability, you have to meet or equal a listing, and you can have combinations of impairments that show that a person will equal a listing. But it is just that little quirk in the law that makes it much more difficult for widows. And also, the circumstances that lead to this are not rare. It happens many, many, many times to women who turn 60 whose husbands have died. As it turned out, Mrs. Cook's husband died after she had turned 60, and then they let her know. But when somebody turns 60, and the Social Security Administration knows that their spouse is diseased, they will contact them immediately, tell them they need to file this, and whammo, they end up with no medical benefits.

Mrs. Cook is appealing, and we go to a hearing next month, so we hope we will be able to establish disabled widow's benefits. However, she will have to wait 24 months to be eligible for medicare, which is a long time.

Senator EVANS. Are you suggesting that an answer, at least, would be to have the same test as between the two programs, and that the preferable one is the one for SSI?

Mrs. BEERY-DAY. Yes.

Senator EVANS. Is that one even adequate—you know, we are caught, to some degree, with seeking some way of measuring or testing the disability. Lower back pain is a marvelous—it is a disability which is very real for some people, probably the most frequent case of fraud for those who choose to institute fraud, and terribly difficult to tell the difference. So I suppose there has to be some kind of test, but it seems to me—I do not see any reason for the test of disability to be different from one program to another.

Mrs. BEERY-DAY. I will tell you something interesting, though, that I discovered in the files when I went to Social Security, and that is a contact form where they had initiated a continuing disability investigation—the note states that because of her age, her work experience, and her health, that they would not need to do an investigation because she was disabled according to the rules and regulations of the SSI Program. So I think that is very interesting, and on the other hand, there are notices saying, "You are not disabled."

Chairman HEINZ. Yes. If Senator Evans will permit me, the reason for that absolutely illogical result is because for reasons I do not understand, this program only goes through the medical listings, and if you meet them, you are disabled. But under the normal process, you go through the medical listings and if you do not meet them, they conduct an evaluation of the residual functional capacity you retain to work, and if you cannot work, you are determined disabled. For disabled widows, for some reason, there is no determination of residual functional capacity, and the test is less realistic for them than for everyone else.

Senator EVANS. As you say, it is illogical, and I am not sure it is useful to go back and try to figure out how we arrived at those two differing—that is only for historic value, and some graduate student ought to do that someday.

But I think it is symptomatic of something else that we have got to do, and I am not quite sure how we get there, and that is, instead of spending 100 percent of our time on new laws, to spend more of our time and come up with some resulting ideas as a result of oversight, precisely what you are attempting to do in this committee right now. If we did do more oversight, if we understood better how the laws we passed yesterday and last year and 10 years ago are really working, I think we could probably come up with some better ideas for the future—and I hope we do out of this process.

Mrs. COOK. I was better off, you see, with SSI, because I could go to the doctor and have appointments, and I cannot sit too long, and I cannot stand too long, and everything is wrong with me—this is just some of the stuff. And out there at General, you have to go real early and get in line, and you have got to wait all day, and like I said, just see an intern, and they do not know my case, and they will give you just anything. And you see, I am on this medicine that finally the doctor found my nerves could stand—I was real bad; several years, I took care of my mother for 8 years, and it made my nerves real bad, and I got real sick and tore my hernia loose, and I was operated on about 16 years ago, but then I tore it loose, you see, in lifting. So he has found this one particular medicine, but still, they do not pay for that, you see, and they just give me a substitute on that, and that is not doing me any good. It is making me worse.

Chairman HEINZ. Mrs. Cook, thank you.

I am going to ask Mr. Morris now to describe the facts of his client's case to us, and then ask Mr. Roha for any questions.

Mr. Morris?

STATEMENT OF TERRY W. MORRIS, MEADVILLE, PA, COORDINATOR, DEVELOPMENTAL DISABILITIES PROGRAM, CRAWFORD COUNTY, PA, MENTAL HEALTH/MENTAL RETARDATION PROGRAM, ACCOMPANIED BY DALE ROHA, MEADVILLE, PA

Mr. MORRIS. Thank you, Senator Heinz and Senator Evans.

Mr. Roha was a resident of Warren State Hospital, a State mental institution in northwestern Pennsylvania, from October 1951 through February 1974. At that time, it was determined that he would be capable of moving back into the community. In the

early days of the Supplemental Security Income Program, Mr. Roha was found eligible for benefits, and was a recipient. He also attended a sheltered workshop for the mentally disabled while residing in the community.

In April 1979, he was offered an opportunity to participate in a CETA handicapped training slot, where he would receive training as a janitor in a local church. He accepted this training program, and during the process, the Social Security Administration determined that he had met the competitive employment standards while in training, and his benefits were terminated.

After he completed the 6-month training program, the church agreed to keep him on as an employee, although I believe he only worked 20 to 30 hours per week. But his income was adequate. He was meeting his needs and still living in the community.

In February 1983, the church had some financial difficulties, and one of their first moves was to terminate Mr. Roha's employment in order to save their funds.

Through the time that he had worked, Mr. Roha had always been concerned about having some burial resources, so he had invested in a 20-year certificate to meet his burial needs. That was an excess resource. That was, very honestly, above the $1,500 standards for burial resources. So we made some arrangements for dissolving the certificate, establishing a legitimate burial trust through a funeral home, and Mr. Roha lived off the assets of the balance of his assets, until such time as he had spent down under the $1,500 burial resource, as well as personal resource limits.

We made reapplication with our branch office Social Security Administration for Mr. Roha to again go on Supplemental Security Income. During that conference, Mr. Roha mentioned that his mother had died since the last time that he had been on benefits, and that one of his brothers had told him that he owned or could have 18 acres of the family farm.

To move along fairly quickly, the mental health center where Mr. Roha goes about every 6 weeks for a medication check due to his past history of mental illness submitted evidence to the Bureau of Disability Determination and in fact, he was found to be disabled; he met the standards of having a disability. But there was investigation in regards to the family farm, and sure enough, where an owner of property dies without a will, an unprobated estate, the estate is divided equally among all living heirs. That means the farm was distributed equally among Mr. Roha and his seven brothers and sisters, and that one-eighth interest was determined to be worth $1,860.38, tax value only. And in fact, the letter from the Social Security Administration indicates that this is based strictly on tax-assessed value, which means the market value is considerably more, and therefore, his share is much more than the $1,860.38 used in this determination.

They were perfectly satisfied in using tax-assessed value, because that automatically disqualified Mr. Roha from being found eligible for Supplemental Security Income.

I have talked to Mr. Roha's brother who is currently operating the farm, and he pointed out to me that when Dale's mother died, she did not feel that it was necessary that there be a will, because prior to her husband's death, Dale's father's death, it had been de-

cided that his one brother would continue the family farm as it had been continued in previous generations. Members of the family have met with an attorney. I have spoken to the attorney, and he said that there could be no settlement agreed upon by family members. This estate still remains an unprobated will; legally, each of the eight heirs own one-eighth of the farm, and that is——

Chairman HEINZ. Does own, or will own? An unprobated estate—and I am not a lawyer—if something is unprobated——

Mr. MORRIS. It is being considered that as of this moment, Mr. Roha is a one-eighth owner of the acreage and the farm buildings.

Chairman HEINZ. Mr. Roha, may I ask you, do you have any certificate of ownership? What do you have in the way of a possession of this one-eight interest?

Mr. ROHA. Well, I have just got the legal agreement. I just have an agreement saying that I get some of the farm.

Chairman HEINZ. Now, could you sell your interest in the farm, if you wanted to?

Mr. ROHA. I do not believe I would sell it.

Chairman HEINZ. Pardon?

Mr. ROHA. I do not think I would.

Chairman HEINZ. You do not think you would or could?

Mr. ROHA. I do not know if I even could, because they do not want anybody to build on it.

Chairman HEINZ. Your brother would or would not be willing to buy your share?

Mr. ROHA. He said he would not give me much for it.

Chairman HEINZ. He would not give you much.

Mr. MORRIS. Tell him how much money he would give you.

Mr. ROHA. He said about $1.

Chairman HEINZ. Pardon?

Mr. ROHA. He would give me about $1 for it.

Chairman HEINZ. Did you say $100.

Mr. MORRIS. No, Senator Heinz. His brother has offered to pay $1.

Chairman HEINZ. Just $1. And what was your reaction to that offer?

Mr. ROHA. I thought it was worth more than that.

Mr. MORRIS. Senator Heinz, that would be considered a gift, which would automatically disqualify, I am quite sure, Mr. Roha from being eligible for Supplemental Security Income, plus it would immediately cancel his cash assistance that he receives from the county board of assistance.

Chairman HEINZ. Would you like to explain to us why, if he either sold for $1 or gave outright his one-eighth interest, why that would disqualify him; how does the law read, that if you get rid of something, that somehow, that makes you wealthy?

Mr. MORRIS. Well, I am not sure about the rules and regulations of the Social Security Administration, but it was explained to us by the worker at the county board of assistance, under the Pennsylvania Department of Public Welfare, that giving away even any portion of this estate or selling it for far below its—say, even 50 percent below—its real value, it would be considered a gift, and it would automatically disqualify Mr. Roha from receiving benefits for a period of 2 years. That is the discouragement from him actu-

ally giving up his supposed assets. The effects of not having Supplemental Security Income and only being able to receive cash assistance is—Mr. Roha has to now share an apartment with another man, and the apartment is really only big enough for one person, so it is very crowded. But that is the only way he can continue to live there.

Chairman HEINZ. That is the effect that having lost his SSI has had on him. Any other effects?

Mr. MORRIS. I have known Mr. Roha now for 10 years, and the last year, I have seen him as a much more nervous individual. At times where we discuss his financial affairs, he visibly shows tremors. He is working very hard to stabilize his life. It has been considered by his mental health case manager and his psychiatrist that possibly, attendance at a partial hospitalization program or a resocialization program may be necessary. It has not been in the 8 years, but it may be in the very near future.

Chairman HEINZ. Where, Mr. Morris, if you can comment on this, did the Social Security Administration go wrong here? Did they overlook something in this case, or do you think they handled it the way they had to handle it, given the law?

Mr. MORRIS. Given the law, they handled it in the manner which I feel they probably had to, and——

Chairman HEINZ. So we have met the enemy, and they is us.

Mr. MORRIS. We requested the assistance of Northwest Pennsylvania Legal Services in filing an appeal in Mr. Roha's behalf, and Legal Services wrote back, saying:

> We can no longer provide services to you, because the handling of your case would violate the code of professional responsibility and/or the disciplinary rules of the Supreme Court of Pennsylvania, because your case does not have enough merit to pursue.

They looked into the rules and regulations and said, "Yes, very definitely, Mr. Roha does not qualify for Supplemental Security Income." It is our personal feeling, though, that he does.

If necessary, I think Mr. Roha would be willing to have a lien placed against his portion of the farm, or to write out a promise that in fact, if that farm is ever sold at some time in the future, that he would reimburse, penny for penny, from his portion of the estate, what he had received in Supplemental Security Income. His needs are for moneys today so that he can live at a reasonable standard of living, not for projecting 20 years in the future that he may inherit or receive the funds from his one-eighth share of a farm being sold.

Chairman HEINZ. The regulations do not provide, and the law does not allow for that kind of an arrangement. Clearly, it is one thing to have an 80-acre farm. You can farm an 80-acre farm. Maybe Washington State is different, Dan, but I have never met anybody who was very successful with a 16-acre dairy farm, or whatever kind it is. There is a law of diminishing returns that becomes increasing losses at a certain point. So you can have a portion of an asset that is worth a great deal less than the asset alone multiplied by a percentage of that asset.

Dan?

Senator EVANS. I would just like to do the same with this case as we asked for in the previous case, to just match the facts against

the laws and regulations, find out which is at fault, and perhaps I would like to ask that we ask one other thing of the administration—in each of these two cases, to the degree the law is at fault, what specific suggestions do they have that would have the effect of resolving the problems that are at stake without further complexities in the law, or is it possible for us to both simplify and make more straightforward the law, and at the same time, end some of these abnormalities which exist.

I was not here, but I think I have a pretty good idea of why the resource test was put in the law in the first place. It was to avoid having people deliberately give away large assets to family, relatives, or someone else, in order to qualify for a program like this, and then surreptitiously or on the outside, receive some particular benefits from that gift. It is obvious what was being attempted, but every time we do that, we run into a further problem, and it comes back to this same thing I mentioned earlier. We sometimes are so intent—pushed, incidentally, by a lot of constituents who get outraged by what they consider to be an abuse of the system or overuse of any social system—and so we focus on error rates and those kinds of problems at the expense of those who really need help, and then it gets too bad.

Chairman HEINZ. In order for the staff to meet both your and my goal, I think we need to define the general case that Mr. Roha's case is a specific instance. And it seems to me that the general case that we are asking for them to comment on is one where an individual has an asset that, notwithstanding its assessment by accountants and tax assessors, can be demonstrated to have no practical market value, and——

Senator EVANS. Or, even if it has market value, there is no way to get ahold of it. This probably has market value, but there is no way for Mr. Roha to ever use it.

Chairman HEINZ. You have defined precisely what I meant by the word practical—and I thank you—that will be of some help. I think we need to say if our policy is that in such cases we want to allow a continuation of benefits, but without any jeopardy to the interest of Supplemental Security Income Program such that were there to be any market value realized, that it would be to the benefit of the program, rather than to somebody else. I think we need to be somewhat more specific about what we want them to answer—is that a fair statement of what you would like an answer to?

Senator EVANS. Yes.

Chairman HEINZ. Very well.

Well, let me ask at this point Mr. Hoffman to proceed.

STATEMENT OF LEE A. HOFFMAN, JR., ESQ., HOFFMAN, SILVERBERG & WACHTELL, NEW YORK, NY

Mr. HOFFMAN. Mr. Chairman, Senator Evans, members of the staff, I would like to thank you for this opportunity to come here today and testify on the issue of SSI overpayments, particularly those resulting from interest accruing in bank accounts.

I am currently an attorney in private practice in a small firm in suburban New York. From June 1975 through December 1983, I ad-

ministered and represented clients in a legal services program sponsored by the Rockland County Office for Aging, under title III-B of the Older Americans Act, on a part-time basis.

My comments today are based primarily on that experience.

Rockland County's population, according to the 1980 census, was approximately 260,000, and there were approximately 31,000 residents 60 years of age and older. There are currently approximately 2,500 SSI recipients in Rockland County, many of whom are dischargees from State mental institutions or who are mentally retarded.

Throughout the period during which I worked for the Rockland County Office for Aging, I continually represented individuals who had received SSI overpayments. The overpayments occurred for many reasons—because of questions about living arrangements, because of the failure of the Social Security Administration to adjust SSI checks downward when title II checks increased, because of the alleged receipt of in-kind income, and of course, because of excess resources.

Most excess resource cases involved too much money in the bank, and about half of those cases resulted because interest accrued in bank accounts to push the client's resources over $1,500.

The obvious inequity in these cases is the position of the Social Security Administration regarding excess resources resulting from interest accruing in bank accounts. The Secretary takes the position that if an individual possesses resources over the $1,500 limit, that individual is ineligible for SSI benefits and therefore is overpaid all SSI benefits received while in possession of the excess resources. As a practical matter, not only does a check get cut off when the Social Security Administration finds out about these excess resources, but they also go back and charge the individual with an overpayment equal to the amount of benefits received during the entire period the excess resources existed. Now, let me tell you what this position has meant to individual clients.

One woman, who was born in 1905, had a sixth-grade education in rural North Carolina. She spent 30 years, from 1936 to 1966, in a State mental institution. In 1966, she was discharged to a family care home. She has attended a day treatment program and received psychotropic medication since 1972. When she applied for SSI in 1974, she had managed to accumulate a bank account of about $1,350, much from occasional domestic work. By late 1975, interest and small deposits pushed her account over the $1,500 limit. Unfortunately for her, although she did not know it at the time, her bank account stayed over $1,500 for 2 years, but never by more than $247.10.

In early 1980, she recertified for SSI. At that recertification, she was accompanied by her son. There, she was told for the first time that she owed the government $6,600; $5,700 because she had over $1,500 in the bank for 2 years, and an additional $900 because she had 4 cents too much in the bank for 3 months.

The client was devastated. Her son later told me that it took her several weeks to regain any semblance of her fragile equilibrium. The son was also devastated. His mother's check was reduced by $75 a month out of $350, and he was the only person available who could help make up the difference.

We represented this woman throughout a long legal process. She attended a hearing before an administrative law judge at which she was incoherent she was so scared. Her son refused to let her come to the second hearing because of the traumatic effect of the first one.

This withholding of $75 a month continued for more than 3 years, until the Circuit Court of Appeals for the Second Circuit reversed the Social Security Administration's decision. It boggles the rational mind to owe $6,600 under these circumstances.

My client saw, in effect, her life's savings wiped out, with no comprehension of why. But this client was lucky. She had available family and available legal services. Most institutional dischargees who receive SSI have neither.

Another woman, now 83, is a Lithuanian immigrant. She had no education in this country. She was grandfathered into the SSI program in 1974. She had no problems until 1981. This woman made the mistake of hearing on the radio that the food stamp resource limit had increased to $1,800. Reasonably, taking into account her age and education, she assumed that the SSI resource limit had also increased. She put $70 too much in her bank account and showed the bank book to the recertification worker 9 months later. What happened? She was assessed an overpayment of $1,500 because she had $70 too much in the bank, leaving $300 a month to meet all her living expenses.

This woman was also fortunate; she also had available family and available legal resources. We have been successful in reducing the amount of the overpayment to $500. Most limited English-speaking individuals are not so fortunate. These cases poignantly illustrate the inequity and harshness of the basic structure of the SSI assets test. The present structure requires that an SSI recipient be deemed ineligible in every month in which resources exceed the statutory limit, regardless of the cause or amount of the overpayment. I believe that corrective legislation is both necessary and appropriate.

Thank you.

Chairman HEINZ. Mr. Hoffman, thank you very much.

In your experience, are the cases you have talked about isolated examples, or are they indicative of a widespread problem?

Mr. HOFFMAN. I think they are very indicative of a widespread problem, on three levels. No. 1, I am aware of many other cases involving accruing interest in bank accounts, and I think the Acting Commissioner indicated that approximately 20 percent of all overpayment cases involve this kind of issue.

Second—and it came to my attention only earlier this week—accruing interest in bank accounts is not the only problem of accruing resources. I was talking to an attorney for a legal services program in New York City on Monday, who told me that a client had been assessed an overpayment because the cash value of an insurance policy had increased without the client's knowledge.

And the third indication of why I do not think these cases are unique is they illustrate the very, very strict standards that the Social Security Administration applies when they make decisions about whether or not to grant waivers of SSI overpayments.

Chairman HEINZ. Do you have some specific recommendations?

Mr. HOFFMAN. OK. I think with respect to the waiver, at the present time, the Administration, the Social Security Administration, applies the same standards for title II waivers as they do to title XVI, or SSI waivers, without taking into account the difference in the population that you are looking at.

Title II recipients generally are competent adults who have had a productive work history. SSI recipients are aged, probably without a productive work history. They are mentally ill, mentally retarded, or they are blind. And I do not think it is appropriate to use the same standards.

I think that one approach with respect to the waiver issue would be to require the Secretary to grant the waiver in cases of SSI overpayments, unless there was a showing of fraud or misrepresentation by the client.

The harshness of Social Security's approach to waivers is illustrated by a couple other cases that I was involved with. These cases both involved retarded individuals, where there was evidence of severe mental retardation in the Social Security files, and in both cases—one, because of the death of a father, and the other, because of the annual increase in the title II checks, the Social Security—title II—check that these people received went up, and Social Security forgot to reduce the SSI check. In both of those cases, the district office refused to grant the waiver. We had to go to an administrative law judge to get a waiver on those cases.

I also think that at this point, it is appropriate to bar collection of overpayments that are more than 4 years old. Senator Evans today has several times mentioned an emphasis on error rate. I think we all understand that there was a very high error rate in the early years of the SSI Program. I think that that is understandable, given the confusion about the changeover, the difficulty in transferring records from a local level to a national level, and also because of the way that income maintenance programs are structured in this country. It takes a long time for line workers to be able to deal with them comfortably, to be able to understand this is an asset question, this is an income question, this is an in-kind income question. And there was nobody in the office to ask in the early days of the program, because it was new to everybody in the district offices. So I think that if you bar collection of overpayments now that are more than 4 years old, you will primarily be dealing with current issues.

I also think that if corrective legislation over the assets test is passed, that you will eliminate a large number of the overpayments.

I understand that the legislation that passed the House is pending in the Senate. I would suggest that there be a specific clause in the legislation saying that it is intended to be retroactive, because there are lots of inequities in the system now, and it would take care of the obvious inequities that we have discussed today.

The only other suggestion that I would have is to require that all overpayment notices contain a notice of the availability and the names and telephone numbers of local legal services offices and local advocacy groups. Very often, SSI recipients are isolated, and if it is difficult for them to go to the district office when they know they are going to lose the check, it is even more difficult for them

to ask for help. And by putting specific sources of help on the overpayment notice, I think that you would be doing the recipients a great service, and I think that you will be doing the Administration a great service.

Chairman HEINZ. Thank you, Mr. Hoffman.

Senator Evans?

Senator EVANS. You mentioned the Administration being, in your view, unduly harsh in applying the rules. From your knowledge as an attorney of the rules and regulations as opposed to the law itself, do they have any choice?

Mr. HOFFMAN. I believe so. The law, in my opinion, gives the Administration a great deal of discretion in setting up the waiver provision of the overpayment process, and I think that the Social Security Administration has chosen to take a very, very strict view of when they will grant the waiver, particularly at the district office level. Once you get out of the district office level, administrative law judges tend to be more independent and more sympathetic, particularly when there are factual issues involved. And I think that part of the reluctance at the district office level may be this emphasis on reducing the error rate, that we have discussed today.

Senator EVANS. And guess who they are getting pushed by to reduce the error rate? Right here.

I suppose there is another—this may appear a little harsh—but I suppose there is another thing to be considered. Regardless of fault, in one of the cases you mentioned where they forgot to reduce another payment, or the Social Security Administration did, so there was an overpayment going on for some period of time—is it equitable to waive that as opposed to, say, an identical case where they did catch it, reduce the payment, and that person got what the law says they should get and no more, where the other person, through whomever's error, got some additional amount for some period of time. What about the relative equity of all of that?

Mr. HOFFMAN. If you are assuming that both recipients were competent adults, I think it is inequitable. I think that in the two cases that I mentioned—and the administrative law judge has so found—the individuals who had been overpaid were totally unaware that they had been overpaid, and in fact, the money was not available. It had already been spent, in reliance upon the correctness of the Social Security payment process.

Senator EVANS. I understand. But if you took two cases of not—"competence" is kind of a bad word, but let us say unaware—two cases of elderly citizens who were just simply unaware, and you have those two different circumstances, is that equitable, for one to not receive and the other to receive through error, and keep through error, whatever overpayment there is.

Mr. HOFFMAN. I do not think it is necessarily equitable, but we think that there is a question that, from my point of view that should be looked at, and that is, is it more acceptable to have a small error in an overpayment—because typically, these are not large—or is it better, from a policy point of view, to make someone go through an overpayment process when in fact you may be depriving them of money that they need to live on currently.

Senator EVANS. Well, I posed the examples because I tend to agree with you that that certainly appears to be and, I think, is a

more compassionate way to deal with the people who have problems. Of course, the difficulty of that is to then carry it on to its obviously ultimate extreme, which is to leave almost complete discretion for large overpayments and waivers that would get us very much out-of-bounds, and that is the nature of the problem I think we are into in this whole arena, and a lot of other arenas, where we are putting benefits out with some rules or some requirements, some parameters, as to who should receive and who should not. I guess there has to be some balance between administrative flexibility, which is desirable on one hand, and some reasonably strong rules which will try to afford equity, at least, on the other hand.

It is a touchy problem. In spite of the individual experiences, which we all agree we would like to correct, it is still the problem of looking at the broader program and trying to reach the appropriate balance between compassion and response to need, and at the same time, the insistence on equity in programs, which I think is also a need.

Mr. HOFFMAN. I totally agree.

Senator EVANS. That is the dilemma we are facing.

Thank you, Mr. Chairman.

Senator HEINZ, Senator Evans, thank you very much.

[Subsequent to the hearing, Mr. Hoffman submitted the following additional statement:]

ADDITIONAL STATEMENT OF LEE A. HOFFMAN, JR., ESQ.

There is another reason why SSI recipients should be notified of the availability of legal services offices. The Acting Commissioner, in her comments today, exemplified that reason. The Acting Commissioner, in response to questions concerning the assessment and collection of SSI overpayments, failed to mention that both statutory and regulatory procedures exist to challenge the existence and amount of overpayments and also to request waivers. This apparent overlooking of procedural rights is reflected in the way in which most district offices handle overpayments. The recipient is assumed to be wrong, and is given the alternative of paying back all at once or paying back in installments. The procedures for challenging the overpayment itself and requesting a waiver are usually not explained very well. In addition, some clients have been informed that they could lose their entire check for a time if they assert their rights to review of the overpayment, with the implication that they are better off permitting partial withholding now rather than facing total withholding in the future. It is because the Social Security Administration often does not follow its own procedural rules that SSI recipients who receive overpayment notices should be made aware of the availability of legal services.

I believe that the Social Security Administration does not properly compute the cost effectiveness of recovering SSI overpayments. I can tell you that the $.04 case, which we discussed previously, cost the government at least $15,000—$8,500 in legal fees were awarded under the Equal Access to Justice Act and the Government also incurred expenses for two administrative law judge hearings and three attorneys for the district and circuit court proceedings, and three attorneys for the attorneys' fee application. Even to take a case to a hearing involves about 2 hours of district office time, plus the cost for holding a hearing, plus the cost of legal services which are primarily funded by the Federal Government. In addition, the Social Security Administration takes no account of the cost to other federally funded programs of SSI overpayment notices and recovery. I know from personal experience that the staff of the various senior center programs (Older Americans Act—title III–C) in Rockland County often spend between one-half hour and 1 hour calming an SSI recipient after the recipient has received an overpayment notice. I am also aware that case managers in Rockland County, who serve dischargees from State mental institutions, often spend 1 to 2 hours on several occasions calming ex-mental patients who have received SSI overpayment notices. Both the senior centers and the case manager agency receive substantial Federal funding. I believe that all these costs must be analyzed before any reasonable decision concerning the cost effectiveness of recovering SSI overpayments can be made.

Chairman HEINZ. I would like especially to thank my constituent, Mr. Roha, accompanied by Mr. Morris; Mrs. Cook, accompanied by Mrs. Beery-Day, and Mr. Hoffman, for coming the distances you have come to give us the benefits of your personal experience, and I hope that from the situations you have described, we have learned about the experiences of many. I am deeply grateful, especially to you, Mrs. Cook and Mr. Roha, for your willingness to travel under what I know for Mrs. Cook was an exciting experience; Mr. Roha may have found it exciting, too—I hope not too exciting in either case.

We are deeply grateful to you all. Thank you so much.

Our last group of witnesses are Dr. John Noble, Dr. James Schulz, and Arthur Flemming.

Dr. Noble is assistant commissioner of the Virginia Department of Mental Health and Mental Retardation in Richmond.

Dr. Noble, would you please proceed?

STATEMENT OF JOHN H. NOBLE, JR., PH.D., MIDLOTHIAN, VA, ASSISTANT COMMISSIONER, POLICY AND RESOURCE DEVELOPMENT, DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION, COMMONWEALTH OF VIRGINIA

Dr. NOBLE. Senator Heinz and Senator Evans, I am pleased to appear before the Special Committee on Aging to offer testimony concerning the significance of the Supplemental Security Income Program for the mentally ill and mentally retarded citizens, who comprise the largest single category of SSI recipients.

In 1975, 30.7 percent of the SSI caseload consisted of persons with mental disorders, of whom 17.6 percent were classified as mentally ill, and 13.1 percent as mentally retarded. Applied to the August 1983 caseload of 2.3 million disabled SSI recipients, this translates into about 700,000 persons with mental disorders, of whom 402,000 suffered mental illness, and 300,000 were diagnosed as mentally retarded.

My testimony today summarizes the major findings and recommendations of the analysis I prepared for the Special Committee on Aging at the request of its chairman, Senator Heinz.

The significance of the SSI and Medicaid Programs for mentally ill and mentally retarded citizens is best understood by recognizing that without these benefits, mentally ill and mentally retarded citizens are unable to survive in the community. When SSI benefits are unjustly withheld, delayed, or terminated by the Social Security Administration, State and local governments often have no alternative than to confine mentally ill and mentally retarded citizens beyond what is considered therapeutically necessary, in overly restrictive mental hospitals or training schools for the retarded. When State and local governments do this, even with the best of intentions, they risk being sued under Federal and State laws, which require that mentally ill and mentally retarded citizens be treated in settings that are least restrictive of personal liberties. When State and local governments take no action, mentally ill and mentally retarded citizens, bereft of the income needed to purchase basic shelter, food, and clothing, are forced to live in the streets

amidst the growing homeless population throughout the United States, or driven to take more drastic action.

The consequences of inappropriate government action are sometimes tragic, as exemplified by the case of Gordon D., of Eugene, OR, a childhood polio victim diagnosed as paranoid schizophrenic, who committed suicide after being dropped from the disability rolls and denied his appeal.

As a consequence, the social service community is spending increasing amounts of time, energy, and monetary resources counseling clients on how to get or retain SSI benefits. The social service community and its clients have grown very defensive and distrustful of the motivations of the Social Security Administration. Almost daily press coverage, including such dramatic headlines as "Social Security Flouts Rulings, Judges Say," which appeared in the most recent Sunday edition of the Richmond Times-Dispatch, make it near impossible to implement the Federal policy directed to rehabilitating SSI recipients and thereby reducing the public costs of disability. Instead, some States, including mine, are spending money on lawyers and the training of caseworkers on how to provide successful documentation of eligibility for SSI and SSDI. It is sad to see so much of society's scarce resources being allocated to dependency-creating activities instead of rehabilitation for total or partial self-support.

Lest the SSI and the SSDI Programs become as litigious and costly to administer as the State workers' compensation programs, there is need for the Congress to fashion and oversee implementation of remedies such as those contained in H.R. 3755, the Social Security Disability Reform Act. The House of Representatives recently voted 410 to 1 in favor of H.R. 3755. The U.S. Senate has yet to act on a comparable bill.

Let me now turn to work disincentives.

The SSI program contains work disincentives which offset the potency of rehabilitation and employment policies which would put disabled people back to work. Prior to the passage of the 1980 disability amendments to the Social Security Act, the disincentives for disabled and blind SSI recipients to return to work were often substantial. The procedure for determining the amount of the payable monthly SSI benefit is to disregard the first $20 of income from any source and to disregard the next $65 of income if it is obtained from earnings. Thereafter, benefits are reduced by $1 for every $2 of earnings. After an SSI recipient begins to work, he or she is placed on a 9-month trial work period. If the recipient is gainfully employed and earning more than $300 per month at the end of the trial work period, SSI payments are terminated.

Let me offer to you two cases based on the benefit levels prevailing in 1984, but using the benefit determination rules which existed prior to the passage of the 1980 Disability Amendments.

The first case involves an SSI recipient who accepts a job paying $250 per month, and the second relates to an SSI recipient who accepts a job paying $350 per month. At the end of the trial work period, the higher paid worker would lose the entire $314 SSI payment and end up with a net increase in gross income of only $36. The worker making $250 on the other hand, would still receive an SSI payment of about $232 and end up with a gross income of $482.

The lower earning recipient would actually end up with $132 more than the higher earning recipient.

Clearly, any rational SSI recipient would choose the job paying the lesser wage, if at all possible. If only the higher paying job were available, and its terms could not be altered, it is doubtful that the recipient would feel the job was worth taking.

Under the extended benefits provisions, sections 1619 (a) and (b) of the 1980 Social Security Disability Amendments, the Congress tried to remove these work disincentives by initiating a 3-year demonstration program, which would continue cash payments and medicaid health care coverage to working SSI recipients whose earnings were below the Federal break-even point of $714 per month.

Unfortunately, the 3-year extended benefits demonstration was scheduled to cease at the end of 1983, and the Congress has not yet passed legislation to continue the program. As of this moment, individuals who become eligible for SSI benefits after December 31, 1983, will be subject to the provisions of the old law. Clearly, congressional action is needed to extend and make permanent sections 1619 (a) and (b) of the Social Security Act, in order to eliminate the substantial work disincentives of the SSI Program under the old law.

Let me now turn to the impact of the Omnibus Budget Reconciliation Act of 1981, with specific reference to the rehabilitation financing provision.

The act radically altered the financing of rehabilitation services for SSI and SSDI beneficiaries. Instead of paying for services regardless of outcome, the new law permits reimbursement of State rehabilitation agencies only if the client is sustained in employment paying the substantial gainful activity wage of $300 per month for a continuous period of 9 months.

The total dollar amount of reimbursements claimed under the new reimbursement method is miniscule compared to what was claimed under the old. State rehabilitation agencies had been receiving from the Social Security Administration an average of about $150 million annually in reimbursement of services to SSI and SSDI beneficiaries. There has been a substantial drop since 1981 in investment by State rehabilitation agencies in SSI recipients, partly because of the change in the system of performance reimbursement, and partly because of the general erosion since the mid seventies of the purchasing power of Federal and State vocational rehabilitation budgets.

Actual budget cuts and erosion of the purchasing power have eaten into both the scope of program activities and the ability to innovate. These cutbacks and the erosion of the purchasing power reduce the flexibility of program administrators and depress their willingness to take risks with innovative techniques. The tendency is to stick with safe client groups and the perceived proven formulae for serving them. Thus, among the casualties of economic recession and recent Government cost-containment efforts is the dissemination of innovations such as I shall describe here.

There is evidence that certain psychosocial rehabilitation techniques, which incorporate residential, social, and vocational pro-

graming as well as community outreach, may be cost-effective in restoring persons with histories of severe mental illness to work.

Since 1958, the Fountain House in New York and an expanding number of rehabilitation programs throughout the United States have been demonstrating the utility of transitional employment for mentally ill persons. As of December 31, 1983, 604 employers throughout the country were providing part-time work opportunities to 1,409 psychiatrically disabled persons, whose total earnings amounted to $5.2 million. The average annual cost of providing follow-along services was $1,500 per transitional employee. Providing follow-along services as part of the total Fountain House program appears cost-effective insofar as the earnings of the transitional employment participants throughout the country exceeded the total costs by $3.1 million.

Accumulating evidence also suggests that the "supported work" approach to rehabilitating mentally retarded persons is both replicable and cost-effective.

Hill & Wehman, in a careful analysis, documented the utility of the supported work model underlying Project Employability, which was responsible for preparing and placing 90 moderately and severely handicapped persons into competitive employment in the course of nearly 4 years. A startling aspect of Project Employability, is how the State rehabilitation agency assessed the severity of the moderately retarded program participants, whose median IQ was 48. Thirty percent were considered too severely disabled to achieve a vocational objective and hence deemed unfeasible for State vocational rehabilitation.

There is need at this time for special efforts dedicated to allocating existing resources into supportive work activities for the severely mentally ill and mentally retarded citizens of this country. Some of this should take the form of more research into the documentation of the cost-effective of innovative rehabilitation methods.

Apart from a cure for mental illness and mental retardation, nothing would be more beneficial to society than discovery of cost-effective ways to place and sustain severely disabled persons in jobs permitting partial or total self-support. Higher priority than is now given should go to reducing the substantial burden of dependency which these populations impose on taxpayers, who must pay for their income support and the services provided by Federal, State, and local governments.

Thank you.

Chairman HEINZ. Dr. Noble, thank you.

[The prepared statement of Dr. Noble follows:]

PREPARED STATEMENT OF JOHN H. NOBLE, JR.

I am pleased to appear before the U.S. Special Committee on Aging to offer testimony concerning the significance of the supplemental security income (SSI) program for mentally ill and mentally retarded citizens who comprise the largest single category of SSI recipients. In 1975, 30.7 percent of the SSI caseload consisted of persons with mental disorders, of whom 17.6 percent were classified as mentally ill and 13.1 percent as mentally retarded (U.S. Senate, 1982). These precentages, applied to the August 1983 caseload of 2,284,970 disabled SSI recipients. This translates into 701,480 persons with mental disorders—402,150 suffering mental illness and 299,300 diagnosed as mentally retarded.

My testimony today summarizes the major findings and recommendations of the analysis I prepared for the Special Committee on Aging at the request of its chairman, Senator John Heinz. That analysis, entitled "Rehabilitating the SSI Recipient—Overcoming Disincentives to Employment of Severely Disabled Persons," reviews (a) the provisions of the Social Security Disability Amendments of 1980 pertaining to work disincentives in SSI, (b) the implications of the rehabilitation reimbursement provisions of the Omnibus Budget Reconciliation Act of 1981, and (c) certain innovative rehabilitation techniques, including transitional employment services and supported work.

THE SIGNIFICANCE OF THE SSI AND MEDICAID PROGRAMS

The significance of the SSI and medicaid programs for mentally ill and mentally retarded citizens is best understood by recognizing that without these benefits mentally ill and mentally retarded citizens are unable to survive in the community. When SSI benefits (and linked medicaid health care coverage) are unjustly withheld, delayed, or terminated by the Social Security Administration, State and local governments often have no alternative than to confine mentally ill and mentally retarded citizens beyond what is considered therapeutically necessary in overly restrictive mental hospitals or training schools for the retarded. When State and local governments do this even with the best of intentions, they risk being sued under Federal and State laws, which require that mentally ill and mentally retarded citizens be treated in settings that are least restrictive of personal liberties. When State and local governments take no action, mentally ill and mentally retarded citizens—bereft of the income needed to purchase basic shelter, food, and clothing—are forced to live in the streets amidst the growing homeless population throughout the United States, or driven to take more drastic action.

As the Special Committee on Aging knows from its hearings of April 7–8, 1983 (U.S. Senate, 1983) concerning the manner in which the Social Security Administration has conducted its continuing disability investigations of SSI and SSDI beneficiaries, the consequences of inappropriate government action are sometimes tragic.

The case of Gordon D. of Eugene, OR, a childhood polio victim diagnosed as paranoid schizophrenic, while extreme, epitomizes the impact of inappropriate government action. After the Socal Security Administration dropped him from the disability rolls and denied his appeal, he wrote to his family: "I no longer have any income whatsoever and there is no way I can work * * * I have no life any more * * * I can't afford to eat * * * I don't even feel like a man any more."

In August 1983, he committed suicide (Mental Health Law Project, November 1983). According to the Mental Health Law Project (February 1984), the Social Security Administration's procedures for terminating benefits and denying new benefits have yielded an estimated $3.4 billion savings since March 1981. Secretary of the U.S. Department of Health and Human Services, Margaret Heckler, testifying before the U.S. Senate Finance Committee on February 7, 1984, confirmed that the continuing disability investigations were creating savings of $1.1 billion annually.

The social service community is spending increasing amounts of time, energy, and monetary resources counseling clients on how to get or retain SSI benefits. The social service community and its clients have grown very defensive and distrustful of the motivations of the Social Security Administration. Almost daily press coverage, including such dramatic headlines as "Social Security Flouts Rulings, Judges Say" (Richmond Times-Dispatch, Sunday, May 13, 1984), make it near impossible to implement the Federal policy directed to rehabilitating SSI recipients and thereby reducing the public costs of disability. Instead some States are spending money on lawyers and the training of caseworkers on how to provide successful documentation of eligibility for SSI and SSDI. It is sad to see so much of society's scarce resources being allocated to dependency-creating activities instead of rehabilitation for total or partial self-support. Eventually, the lawyers and caseworkers will succeed in restoring most of the disputed cases to the SSI and SSDI rolls.

The implications of these dependency-creating activities provoked by the Social Security Administration's ill-conceived efforts to secure short-term budget savings can be judged by considering the projected lifetime benefits of the average SSI recipient. Assuming 16 years on the rolls, the average blind or disabled person in the 1981 SSI caseload will receive lifetime benefits of $43,000 from the combination of SSI and SSDI. Some part of the SSI caseload will survive to age 65 and continue on the rolls as aged SSI recipients. Assuming 18 years on the rolls as an aged SSI recipient, the average aged person in the 1981 SSI caseload will receive lifetime benefits of $62,844 from the combination of SSI and OASI. These estimates do not take into

account recently received and future cost-of-living adjustments, which increase the expected value of the lifetime benefit.

These cash benefit costs of the SSI program are augmented by medicaid and medicare expenditures on behalf of SSI recipients. In 1982, medicaid spent nearly $10.9 billion on 3.4 million persons age 65 or older, $174 million on 85,000 blind persons, and $10.5 billion on 2.8 million disabled persons (Social Security Bulletin, Statistical Supplement, 1982). SSI recipients who also receive OASI or SSDI benefits are covered under both the medicaid and medicare programs.

Lest the SSI and SSDI programs become as litigious and costly to administer as the State workers' compensation programs, there is need for the U.S. Congress to fashion and oversee implementation of remedies such as those contained in H.R. 3755. The U.S. House of Representatives recently voted 410 to 1 in favor of H.R. 3755; the U.S. Senate has yet to act on a comparable bill.

WORK DISINCENTIVES

The SSI program contains work disincentives which offset the potency of rehabilitation and employment policies, such as affirmative action and the targeted jobs tax credit, which would put disabled people back to work. Prior to the passage of the 1980 Disability Amendments to the Social Security Act, the disincentives for disabled and blind SSI recipients to return to work were often substantial. As a means-tested income transfer program, SSI serves the poorest and least able of the disabled population—persons who lack sufficient prior work experience to qualify for Social Security disability insurance (SSDI) coverage. The program applies a very stringent test of disability; namely, the inability to work on a job anywhere in the U.S. economy paying a substantial gainful activity wage (SGA) of $300 per month by reason of a medically determinable physical or mental impairment expected to result in death or lasting or expected to last for a continuous period of at least 12 months (Social Security Act, section 223(d)(1)).

The procedure for determining the amount of the payable monthly SSI benefit is to disregard the first $20 of income from any source, and to disregard the next $65 of income if it is obtained from earnings. Thereafter, benefits are reduced by $1 for every $2 of earnings. After an SSI recipient begins to work, he or she is placed on a 9-month trial work period. If the recipient is gainfully employed and earning more than $300 per month at the end of the trial work period, SSI payments are terminated.

Let us consider two cases based on the benefit levels prevailing in 1984, but using the benefit determination rules which existed prior to passage of the 1980 Social Security Disability Amendments. The first case involves an SSI recipient who accepts a job paying $250 per month, and the second relates to an SSI recipient who accepts a job paying $350 per month. At the end of the trial work period, the higher paid worker would lose the entire $314 SSI payment and end up with a net increase in gross income of only $36 ($350 − $314). The worker making $250, on the other hand, would still receive an SSI payment of about $232 ($314 − (($250 − $85)/2) and end up with a gross income of $482 ($232 + $250). The lower earning recipient would actually end up with $132 ($482 − $350) more than the higher earning recipient.

Clearly, any rational SSI recipient would choose the job paying the lesser wage, if at all possible. If only the higher paying job were available and its terms could not be altered, it is doubtful that the recipient would feel the job was worth taking.

Under the extended benefits provisions (sections 1619 (a) and (b)) of the 1980 Social Security Disability Amendments, the U.S. Congress tried to remove these work disincentives by initiating a 3-year demonstration program which would continue cash payments and medicaid health care coverage to working SSI recipients whose earnings were below the Federal break-even point of $714 per month. The recipient making $350, given as an example, would continue to receive an SSI payment of about $182 and enjoy a gross income of about $532. This amount would seem to provide a reasonable incentive to work, unless taxes and work and medical expenses consumed too large a portion of the $216 income increase over the $314 SSI benefit that the recipient would expect to receive without any work effort.

Unfortunately, the 3-year extended benefits demonstration was scheduled to cease at the end of 1983, and the U.S. Congress has not yet passed legislation to continue the program. As of this moment, individuals who become eligible for SSI benefits after December 31, 1983 will be subject to the provisions of the old law (Federal Register, March 15, 1984): A job paying $350 per month at the end of the 9-month trial work period yields a net income improvement of $36 over the monthly SSI payment of $314 for a single individual. Taking the $350 per month job leads to the loss of both cash benefits and medicaid coverage, unless the recipient happens to live in a

State where the medicaid plan will provide continuing health care under the "working poor" coverage option.

Clearly, congressional action is needed to extend and make permanent sections 1619(a) and (b) of the Social Security Act in order to eliminate the substantial work disincentives of the SSI program under the old law.

INNOVATION AND THE OMNIBUS BUDGET RECONCILATION ACT OF 1981

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) radically altered the financing of rehabilitation services for SSI and SSDI beneficiaries. Instead of paying for services regardless of outcome, the new law permits reimbursement of State rehabilitation agencies only if the client is sustained in employment paying the substantial gainful activity wage of $300 per month for a continuous period of 9 months.

The new method of financing rehabilitation was devised to overcome the perceived indifference of the old method to rehabilitating the maximum number of disabled and blind SSI and SSDI beneficiaries into significant productive activity. By establishing a system of performance reimbursement, it was believed that rehabilitation outcomes would be improved at least cost to the Federal Government. Through December 30, 1983 the Social Security Administration had approved only 325 claims for reimbursement from 30 of the 79 State rehabilitation agencies throughout the United States, ranging from $86,000 to less than $2 (SSA, 1984). The total dollar amount of reimbursements claimed under the new reimbursement method is miniscule compared to what was claimed under the old. State rehabilitation agencies had been receiving from the Social Security Administration an average of $150 million annually in reimbursement of services to SSI and SSDI beneficiaries (U.S. Department of Education, 1984).

Since the Omnibus Budget Reconciliation Act of 1981 was enacted, there has been a substantial drop in investment by State rehabilitation agencies in SSI recipients, partly because of the change to a system of performance reimbursement and partly because of the general erosion since the mid-1970's of the purchasing power of Federal and State vocational rehabilitation budgets. Budget increases in the Federal-State vocational rehabilitation program have not been keeping pace with inflation for some time now, and have caused a decline in the total number of cases served by State rehabilitation agencies. During the 5-year period from fiscal year 1975 to fiscal year 1979, for example, the number of cases served by State rehabilitation agencies declined by 0.71 percent for each percentage point reduction in 1975 constant dollar purchasing power (Noble, 1981). More recently, the 1979 constant dollar value of the fiscal year 1983 Federal appropriation of $943.9 million for the Federal-State vocational rehabilitation program in the United States had declined to $715.268 million.

Actual budget cuts and the erosion of the purchasing power of the vocational rehabilitation dollar have eaten into both the scope of program activities and the ability to innovate. A survey of the experience from fiscal year 1979 to fiscal year 1983 of the California, Oklahoma, West Virginia, and Michigan rehabilitation agencies—before and after the passage of the Omnibus Budget Reconciliation Act of 1981—indicates a very substantial drop in the total number of clients, including SSI recipients, who received services after fiscal year 1981. As might be expected, the extent of the decline in services has paralleled the severity of the economic recession among the States: California (7.6 percent), Oklahoma (10.8 percent), West Virginia (25.9 percent), and Michigan (33.9 percent). The percentage decline in services to SSI recipients was steeper than for the rest of the caseload in all States except California: California (+10.6 percent), Oklahoma (14.6 percent), West Virginia (62.6 percent), and Michigan (50.2 percent). The actual increase in services to SSI recipients in California after fiscal year 1981 is attributable to a Republican administration which continued to place high priority on reducing SSI dependency through the provision of rehabilitative services.

Budget cutbacks and the erosion of the purchasing power of the vocational rehabilitation dollar reduce the flexibility of program administrators and depress their willingness to take risks with innovative techniques. The tendency is to stick with the "safe" client groups and the perceived "proven" formulae for serving them. Thus, among the casualties of economic recession and recent government cost-containment efforts is the dissemination of innovations, such as those that are described here.

There is evidence that certain psychosocial rehabilitation techniques, which incorporate residential, social, and vocational programing as well as community outreach, may be cost-effective in restoring persons with histories of severe mental illness to work. Two programs—Thresholds in Chicago and Fountain House in New

York—provide the best information on what can be accomplished by committed and skillful mental health practitioners.

An economic analysis of the Thresholds program in Chicago showed that, 6 months after treatment ended, competitive employment was positively related to the length of program participation (Bond, 1982). While 6 months may be too short a period of time from which to infer lasting employment results, the evidence suggests that the program participants had increased their employment potential, and did not suffer a significantly higher rehospitalization rate as a consequence of the increased stress associated with employment. The annual benefits from employment ($4,083 per client) outweighed the costs of rehospitalization ($962 per client), but no data were reported on the full costs of achieving these results for the 101 chronically mentally ill persons involved.

Since 1958, the Fountain House in New York and an expanding number of rehabilitation programs throughout the United States have been demonstrating the utility of transitional employment for mentally ill persons (Fountain House, 1982). As of December 31, 1983, 604 employers throughout the country were providing part-time work opportunities to 1,409 psychiatrically disabled persons, whose total earnings amounted to $5,225,806. According to Dr. Thomas J. Malamud, research director of Fountain House, preliminary estimates put the average annual cost of providing follow-along services at $1,500 per transitional employee. Providing follow-along services as part of the total Fountain House program appears cost-effective insofar as the earnings of the transitional employment program participants throughout the country exceeded the costs by $3,112,306 ($5,225,806 minus $2,113,500). More refined analysis of program costs is currently underway.

Accumulating evidence suggests that the "supported work" approach to rehabilitating mentally retarded persons is both replicable and cost-effective. The STETS "structured training and employment transitional services") demonstration program, funded by the Ford Foundation and the U.S. Department of Labor, was implemented in five demonstration sites, located in New York, Cincinnati, St. Paul, Tucson, and Los Angeles, and involved agencies with experience in providing vocational rehabilitative services to mentally retarded persons (Manpower Demonstration Research Corporation, 1982).

The STETS model consists of three phases: (1) Assessment and work readiness, (2) transitional services, and (3) post-placement support services. Phase 1 participants engage in at least 20 hours per week of productive work, and spend additional time in travel training, work-of-work orientation, and other activities geared to placement in a phase 2 job. Phase 2 participants work at least 30 hours per week in jobs with local employers who have agreed to hire them as regular employees after they have satisfied the demands of the job and have reached the required level of productivity. While phase 2 jobs may be partially subsidized by the STETS program, the local employer is expected to pay a substantial part, sometimes the entire wage. Phase 3 participants become regular, unsubsidized employees of a local employer. The STETS program provides up to 6 months of post-placement support services, including tracking the progress of participants and developing any needed linkages with local service agencies in anticipation of complete withdrawal.

The STETS program began in the fall of 1981 and operated during the worst of the economic recession before shutting down because of withdrawal of support by its funding sources. The program reached a maximum size of 40 to 50 slots for the mildly retarded (average I.Q. of 64) participants in each of the five demonstration sites. Although the structured training component of STETS ran smoothly, the recession caused job development problems in terms of obtaining appropriate and timely job opportunities for program participants. Nevertheless, 40 percent of the participants were placed in competitive jobs paying an average hourly wage of $3.68—slightly higher than the $3.35 minimum wage. Some of the unsuccessful cases were placed in less than minimum wage and sheltered workshop jobs. At 6 months follow up, only 13 percent of the STETS control group was in regular employment.

The total STETS program cost, including the extra costs at each site of implementing the research protocol, was nearly $7,000 per participant for 7 to 8 months of services. While not cheap, this cost must be compared with the $6,000 annual subsidy cost of a sheltered workshop slot in New York during the time of the demonstration. The high startup costs of the STETS program and its brief duration before shutdown probably accounts for the $7,000 program cost per participant. A full cost-benefit analysis is underway and is scheduled for completion by April 30, 1985.

Hill and Wehman (1983) have documented the utility of the supported work model underlying "Project Employment," which was responsible for preparing and placing 90 moderately and severely handicapped persons into competitive employment in

the course of nearly 4 years. The cost-cost benefit analysis focuses on the amount of public money saved as a result of the program activity, and reports a net savings to the taxpayer of $90,376—the difference between $620,576 in public funds that would have otherwise been spent and the program costs of $530,300. The cumulative earnings of the 90 clients exceeded $500,000.

A startling aspect of "Project Employability" is how the State rehabilitation agency assessed the severity of the moderately retarded (median I.Q. of 48) program participants: 30 percent were considered too severely disabled to achieve a vocational objective and hence deemed unfeasible for State agency services; with only a single exception, the rest were rated as "severe." As of December 1983, nearly 50 percent of the number placed into competitive employment were presently employed; 18 percent have resigned; 11 have been laid off due to economic conditions; and 21 percent were terminated by the employer.

Considering the stereotypical thinking about the employability of moderately and severely mentally retarded persons, "Project Employability" is a remarkable achievement. But it need not remain an isolated one. The techniques of supported work are replicable anywhere. Revel, Wehman & Arnold (1983) report the existence of other sites in Vermont, Washington, Ohio, Illinois, and Massachusetts where the supported work model is being successfully employed, and argue that "State vocational rehabilitation agencies must now take the lead in integrating the supported work model into community services if the Federal-State VR program is to fulfill its responsibility as the public program responsible for the employment of persons with severe handicaps."

At this time, there is need for renewed Federal Government leadership in disseminating and supporting the adoption of innovative rehabilitation techniques.

Starting with the Omnibus Budget Reconciliation Act of 1981, the U.S. Congress should consider modifying the conditions of the performance reimbursement system so as to give State rehabilitation agencies greater incentive to serve disabled SSI recipients. Under the act, payment for services will not be made until the SSI recipient has remained on a job paying the substantial gainful activity (SGA) wage of $300 per month for 9 months. The hiatus between the time resources are expended and the time reibursement is made causes budget problems for State rehabilitation agencies. Reimbursement for services should be made, either at the time that placement is made in a job paying the SGA way or after 2-month's followup, with an additional allowance for post-placement or supported work services.

Additionally, there is need to expand the financing of supported work for mentally ill, mentally retarded, and other severely disabled persons by redirecting the use of existing program authorities and funds for the purpose. Among the possibilities are:

—Redirecting funds now spent by State rehabilitation agencies in purchase-of-service arrangements that do not lead to competitive employment.

—Reorienting sheltered workshops to provide supported work job placement and followup services.

—Using Job Training Partnership Act (JTPA) funds to support training and employment staff and to pay for such client-related expenses as assessment, wage subsidies for on-the-job training, and transportation.

—Increasing the funding of Projects with Industry (PWI) under the Rehabilitation Act of 1973, as amended, and incorporating the compatible supported work methodology into the PWI program.

—Encouraging cooperative programing ventures which combine JTPA, State and local mental health and mental retardation, and Federal-State vocational rehabilitation funds in underwriting supported work projects.

—Earmarking funds within the discretionary and special project and R. & D. authorities of relevant Federal programs; e.g., part A, subpart 3 of the Vocational Education Act, which supports program improvement and supportive services, as well as section 103 and part b, subpart 2, which funds programs of national significance; section 311(a)(1) of the Rehabilitation Act of 1973, as amended, which supports projects for the severely disabled; and section 301 of the Public Health Services Act, which authorize research and demonstration activities; and

—Directing support for more refined research into the cost-effectiveness of the supported work model for mentally ill, mentally retarded, and other severely disabled populations through the program and budget authorities of the National Institute of Handicapped Research (NIHR) and the National Institute of Mental Health (NIMH).

Apart from a cure for mental illness and mental retardation, nothing more beneficial for society could be found than discovery of cost-effective ways to place and

sustain severely disabled persons in jobs permitting total or partial self-support. Higher priority than is now given should go to reducing the substantial burden of dependency which these populations impose on taxpayers, who must pay for their income support and the services provided by Federal, State, and local governments.

Finally, the Targeted Jobs Tax Credit (TJTC) program is proving its worth as a valuable adjunct to the supported work model (Hill & Wehman, 1983). It provides to employers up to $4,500 in tax credits over 2 years for each eligible worker. If the U.S. Congress extends the program by enacting S. 2185, introduced by Senator Heinz and 25 cosponsors, it will continue to provide a financial incentive to hesitant employers who might not otherwise hire a severely disabled person.

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Chairman HEINZ. Dr. Schulz?

STATEMENT OF JAMES H. SCHULZ, PH.D., PROFESSOR OF ECONOMICS AND DIRECTOR OF POLICY STUDIES, POLICY CENTER ON AGING, BRANDEIS UNIVERSITY, WALTHAM, MA

Dr. SCHULZ. Mr. Chairman, I am James Schulz, professor of economics, Brandeis University and director of policy studies at that university's Policy Center on Aging. I am a recent past president of the Gerontological Society of America; I am author of a book, "The Economics of Aging," now in its third edition. The last 20 years of my professional career—in fact, my whole professional career—has been devoted to looking into and assessing the economic situation and the problems of older people.

I must say that nothing in that background and career really prepared me for the surprises that were in store when the committee asked me to present and prepare for them an overview paper on SSI. I had really assumed that a lot of what I had read was true, that the program had achieved most of its goals, that it was a

major step forward, and that the problems today were relatively minor. I think my paper shows that these assumptions are not true. At least, that was the conclusion I personally reached at the end of my assignment of preparing a paper for the committee.

I will not summarize my paper at this time. However, I do want to make at the outset of my remarks one general comment, based on that paper's review of available information and the experience regarding SSI.

My general comment is this. SSI is clearly an improvement over the public assistance provisions that operated before 1974. But SSI is still far from achieving the promises or the hopes articulated when it was created. I think the adequacy of its benefits is subject to challenge. The program is clearly not easy to administer. Many people are kept out of the program who are truly needy. And many of those who are eligible for benefits still do not participate.

SSI is part of a broad set of public and private income maintenance programs we have set up in this country. It was designed to complement Social Security Old Age and Survivors Insurance. But as my paper points out, and many others before me have stressed, there is considerable overlap between OASI and SSI with regard to providing minimum income to the elderly—that is, providing that critical basic floor of protection.

The national controversy over this issue that began in the 1930's really continues today. My view of SSI has given me a new appreciation for the skillful job Congress has done in developing the old age and survivors program, attempting to deal with this controversial issue.

I realize that in recent years, there has been much criticism of Social Security in this area, and numerous proposals have been made to make Social Security more like private insurance. But when I look at SSI today, I view with great alarm the proposals that have been made to "take the welfare out of Social Security" and add millions of people to the SSI rolls. These reformers, I think, just have not looked close enough at the reality of SSI. They are still in the world of a conceptual dream. As I said at the beginning, and I want to stress again, SSI still leaves much to be desired, and my paper discusses most of the problems that remain.

There are many things that need to be looked at by the Congress. I am going to mention just three of them this morning. Three major points need to be stressed.

First, in assessing the adequacy of SSI, we should never forget the unscientific and political origins of our official measures of poverty.

Second, Congress should appreciate the potential that now exists for moving away from mandatory supplementation of SSI by the States.

And finally, in my opinion, eligibility levels for SSI, especially the assets test, need to be changed as soon as possible.

If time were available, I would amplify on these three points, but since the hour is late, I think what I will do is just leave the three issues in your mind. I have a handout that I have supplied the committee. Most of the information is already in my paper. But I do want to stress the fact that when I prepared my paper, I was amazed to find out what we did not know about SSI. There were

many answers I could not obtain. Much information was lacking for the paper. For example, in the area of the asset test and how it is affecting the aged of this country, we know almost nothing.

I think the committee certainly is to be commended for beginning the long job that lies ahead in terms of finding out what we do and do not know and in developing improvements for the future in terms of the SSI Program.

Thank you.

Chairman HEINZ. Dr. Schulz, thank you very much.

[The handout referred to by Dr. Schulz follows:]

CHART 1

CALCULATING THE POVERTY LEVEL

(1)	TAKE AN "OUTDATED" DOA EMERGENCY FOOD BUDGET	
(2)	ESTIMATE THE RETAIL COST OF THE FOOD (SINGLE INDIVIDUAL)	$1,653
(3)	MULTIPLY THE FOOD COST BY THREE	X 3
(4)	EQUALS THE "OFFICIAL" POVERTY LEVEL	= $4,959

TABLE 1

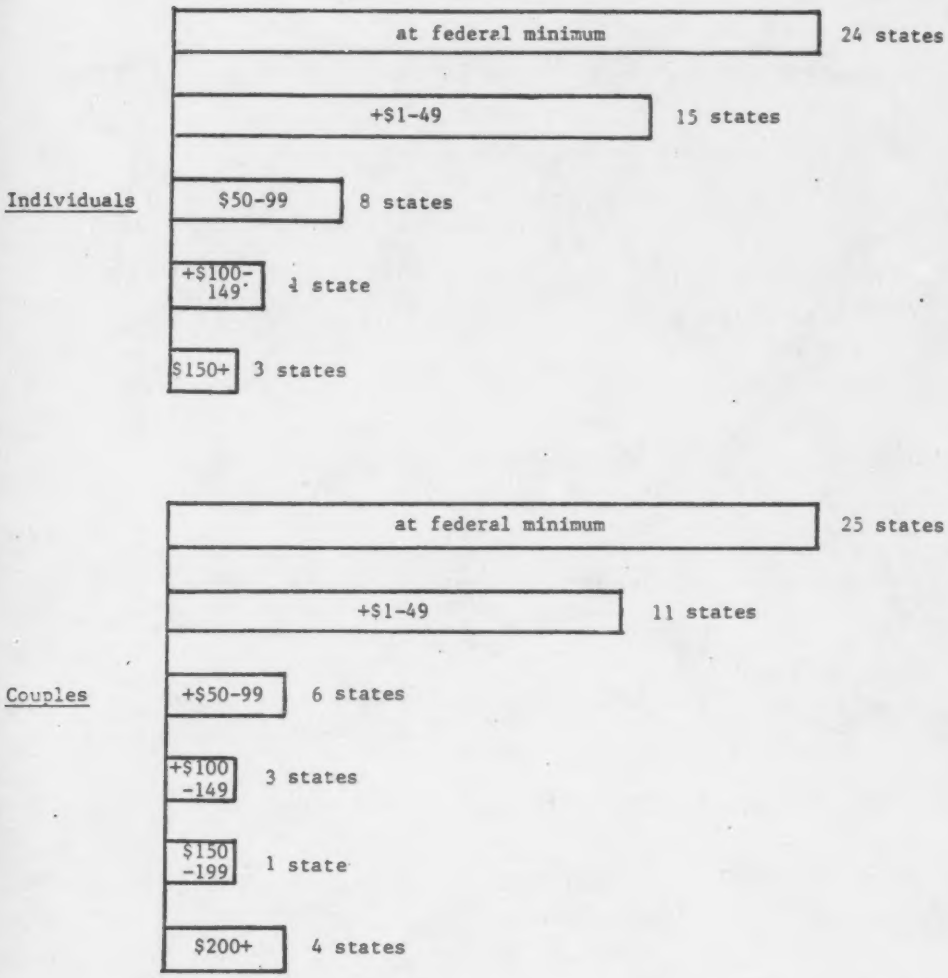
SSI LEVELS

	Individual		Couple	
	1974	1984	1974	1984
(a) Federal SSI	$ 1,716	$ 3,768	$ 2,574	$ 5,664
(b) Poverty Level	2,364	4,958	2,982	6,293
(c) Ratio: (a)/(b)	73%	76%	86%	90%

CHART 2

HANDOUT C

DIFFERENCES[a] IN MAXIMUM PAYMENT LEVELS
FOR INDIVIDUALS AND COUPLES, 198[b]



[a]Figure shows monthly differences.

[b]See footnotes, Table 2.

TABLE 2

SSI INCOME AND ASSET LIMITS

		1974 Legislated	1984 Actual	1984 Indexed Amount[d]
Income Disregards:				
Unearned Income[a]		$20	$20	$39
Earned Income[b]		$65	$65	$126
Asset Exclusions:				
Overall amount	(individ)	$1,500	$1,500	$2,910
	(couple)	$2,250	$2,250	$4,365
Automobile		$1,200	$4,500	$2,328
Household goods and Personal effects		$1,500	$2,000	$2,910
Insurance (face value)		$1,500	$1,500	$2,910
Burial		0[c]	$1,500	e
Home value		$25,000[f]	All	e

Source: Program statistics, updated by CPI figures published by the U.S. Bureau of Labor Statistics.

[a]Technically this disregard includes both unearned and earned income.

[b]Fifty percent of earnings over $65 is also disregarded.

[c]Originally, if a burial trust was irrevocable or a plot was not legally salable, it was not considered by the Social Security Administration to be a countable resource.

[d]Based on changes in CPI through 1983.

[e]Not applicable.

[f]$35,000 in Alaska and Hawaii.

Chairman HEINZ. Let me ask Professor Schulz, one of the recommendations you mentioned that we should take seriously is that we should move away from the mandatory supplementation of SSI by the States. Could you elaborate on that?

Dr. SCHULZ. Yes. In the handout, chart 2, I presented a list for individuals and couples of how many States are currently providing the Federal minimum and how many are providing supplementation.

The thing that surprises me—and it seems to suggest the need for addressing the question of whether mandatory supplementation is necessary—is the fact that the amount of supplementation is relatively small. It seems to me that there is a potential for now moving away from State supplementation. Of course, what I think would be necessary to do that is for the Congress to move the levels of SSI closer to the official poverty levels. For a single individual, SSI is currently three-quarters of the poverty level. What if we moved half the distance, moving the amount up by a relatively small amount? The current gap is about $100. If we moved up by $50, many of the States that currently are required to supplement would no longer have to. That has the potential, I think, of allowing the Federal Government to move out of the mandating business, leaving the initiative with regard to supplementation to the States. It opens up the whole area for discussion of administration and the possible simplification of administration, particularly the regulations that come out of Washington.

Chairman HEINZ. You have been referring to the handouts and chart 2?

Dr. SCHULZ. Yes.

Chairman HEINZ. And if I read that correctly, 24 States are at the minimum—I am talking individuals—and there are 15 States that supplement——

Dr. SCHULZ. By less than $50 a month in terms of maximum payment levels for individuals; less than $50 a month.

Chairman HEINZ. I understand that. But just so I understand the way the chart reads, they are doing more than the 24 States above—even if it is not much more.

Dr. SCHULZ. Yes, definitely, definitely.

Chairman HEINZ. I just wanted to be sure I was reading it right.

Dr. SCHULZ. And many of them are required to do that under Federal law through the mandating of supplementation. That is, they are doing better than the original minimum that was set in the legislation of 1972, which went into operation in 1974.

Chairman HEINZ. Now, your concern is really twofold here. One, the States are not doing very much and therefore are not coming up to the poverty level; as I understand it, that is one of your problems.

Dr. SCHULZ. Yes; that is correct. And over the 10-year period, if you look at the data, the job they have been doing has been eroded away, primarily as a result of inflation. The fact is that they have not been keeping up.

Chairman HEINZ. Over that period, has the Federal Government, relatively speaking, been doing more, less, or about the same?

Dr. SCHULZ. With regard to SSI?

Chairman HEINZ. Yes.

Dr. SCHULZ. With regard to payment levels, they are not doing anything more. We have had one real SSI increase as a result of the Social Security Amendments of 1983. This was tied to a Social Security OASI decrease in terms of the 6-month delayed indexing of Social Security benefits. Other than that, SSI benefits have been increased only for inflation. There have been no real increases.

Chairman HEINZ. Well, as I read table 1, I would read it slightly differently, I guess, which is we are doing slightly more as a percentage of the poverty level than we were doing in 1974.

Dr. SCHULZ. That is correct. And that comes primarily, if not exclusively, from the 1983 Social Security Amendments, in which the SSI level was raised to in part compensate for the 6-month delay in the automatic adjustment for cost-of-living—a small improvement.

Chairman HEINZ. But I gather that is the major improvement that has been made in SSI over the last 10 years.

Dr. SCHULZ. To my knowledge, that is the only improvement.

Chairman HEINZ. Well, it is nice to know that the Republican Senate and the Reagan administration did one thing right. Maybe we have done more than one thing right.

The other reason, as I understand your rationale, for a higher Federal level, is to simplify administration of the program; is that correct?

Dr. SCHULZ. That is correct, yes.

Chairman HEINZ. What is the interplay between the State supplements and the Federal elements of the program that complicate its administration?

Dr. SCHULZ. My judgment does not come from firsthand knowledge, but mainly from reading congressional testimony.

Chairman HEINZ. Oh, you will go crazy if you read that.

Dr. SCHULZ. Mainly from testimony by the Social Security Administration in terms of the Commissioners' explanations for administrative problems that they have had in the past. I did attempt, when I was preparing the paper, to begin talking to people and exploring what was actually going on administratively. I realized quite quickly that that was a job that would require much more time than the committee would allow me in preparing the paper, so I gave it up very quickly, I think wisely.

But the record as it has been presented over the past 10 years is clear. Each Commissioner who has spoken to the point has argued, I think somewhat persuasively, that supplementation and the mandating of supplementation has greatly complicated the administrative process. And, therefore, I suggest to you that this is an area to look into quite closely. I, myself, cannot guarantee that one can go as far as we would like in terms of dealing with general administrative problems.

Chairman HEINZ. You mentioned your third point, the assets test, and we did have some discussion about the assets test here today and the problems with it. Did we miss anything—were you here for the discussion earlier?

Dr. SCHULZ. Yes; I was.

Chairman HEINZ. Was there anything that we missed in our discussion of the assets test in the way of problems, or have you got a few others that you would like to bring to our attention here?

Dr. SCHULZ. Well, it seems to me that the one remark that you made about the margin, if you exceed the test by $1 or $2, really gets to the heart of the matter. When I worked on my paper, I tried to get the answer to how many people who are ineligible for Social Security as a result of the asset test are just over the margin by some relatively small asset amount, yet are eligible as far as income is concerned, which would establish a prima facie case that they are needy.

I went all around Washington asking that question, and I was astounded to find out that no one knew the answer. What you find in my paper is a variety of data that indicates that there are a lot of people with just a small amount of assets. These data indicate, therefore, that this is a serious problem for a significant number of people who are indeed needy.

Chairman HEINZ. Now, the way I understand that information is collected by the system, there is at some point a determination made that you are over the asset test in some way, and in the case of a bank account, by some amount. While it would seem simple to you and me that such information, having been collected, would also, therefore, be available for research and analysis, your finding is that——

Dr. SCHULZ. It has not been collected and analyzed, to the best of my knowledge.

Chairman HEINZ. It has not been collected, but to the best of your understanding, it exists; it is just not accessible?

Dr. SCHULZ. Yes.

Chairman HEINZ. Well, my conclusion is that we should—I say this for the benefit of my colleagues and staff, who often follow up on these things—we should require its collection by maybe a minor adjustment in the software down in Baltimore that would allow that information—hopefully, it is a minor adjustment—to be collected so it has some meaning for us.

Once again, the Federal Government is like the muscle-bound giant, who has all this strength, but cannot find an object on which to apply it.

You were about to make a comment.

Dr. SCHULZ. As I said, Senator, I was surprised that we had not asked and answered that question, but after a while, you do not get surprised as much.

Another major point was missed this morning when the Acting Commissioner talked about so-called liberalizations in the assets test. I think the major point that was missed is the fact that there has been no liberalization, no change, in those basic eligibility levels. At the same time, we have had very rapid inflation in this country, and the economic effect of that is to make the assets test over time become increasingly more stringent for the individuals who have to meet it.

And I think the other point that should be emphasized is the fact that there are a lot of people in this country who are unwilling to pauperize themselves to the point that they bring down their assets to make them eligible for SSI. And I am talking, really, about relatively small assets. Some people see $2,000, $3,000, maybe $5,000 of financial assets as the difference between security and insecurity. They feel very strongly, just as you and I do, that we ought to have

something in reserve to face the uncertainties of a future that they cannot easily cope with.

Chairman HEINZ. I would not want you to think that because neither Senator Evans, Senator Glenn, nor I mentioned that fact, that we are not well aware of it. What you state is absolutely the case. There has been no adjustment in that level in a decade, and if that was not brought up, it is because we are all very well aware of it. But I thank you for making sure that we had the opportunity to put that on the record.

Let me ask Dr. Noble a question regarding the SSI Program. Dr. Noble, in your testimony you mentioned the concept of transitional employment. Can you elaborate on what that particular rehabilitation strategy involves and what are its specific advantages, and whether or not it is a method that has proven especially effective for the mentally retarded?

Dr. NOBLE. Yes, Senator, the concept is one of taking an individual who has minimal exposure to the behaviors required in the workplace, putting him through a structured training program with gradual exposure to the real world of work—and that means in an actual job, paying wages—and to support that individual there for as long as is necessary to make the employment situation viable.

Now, there are variations on how that gets played out. In some projects, like the so-called STETS demonstration program, they actually terminate the support and try to establish some linkages with some other supporting agencies in case the individual needs some ongoing assistance. But that is in the nature of a demonstration program. They have to stop offering services after a while.

In other instances, they literally continue the support part of the program for as long as the individual is in need of it. In general, I would say the person who is more severely retarded will need ongoing support. As a result, that person is likely to earn sufficient income to live entirely without SSI or to live with less of an SSI payment.

This, then, is essentially what the transitional employment service modality involves. It is not easily financed, however, under the current way we fund and give rewards or credit to the State-Federal rehabilitation program agencies under the current accountability system. "Closed rehabilitated" implies case closure. When disabled persons fall out of their jobs, they sometimes get recirculated again. But all the studies that I have seen show that persons who fall out of their jobs are much more difficult to get back into a job again. So the trick is to get them into a job and retain them there, and to give rewards to the State rehabilitation agencies that actually accomplish this.

Chairman HEINZ. How are we doing in that regard? Are we rewarding the State agencies at all?

Dr. NOBLE. I do not think so. I think that the Omnibus Budget Reconciliation Act of 1981 caused a real flight of most of the State agencies away from SSI recipients, with the exception of California, where a Republican administration decided they were going to place high priority on reducing not only the dependency of the mentally ill and mentally retarded SSI recipients but the whole SSI caseload. In California they actually increased the total

number of SSI recipients who were receiving rehabilitation services.

Chairman HEINZ. One of the suggestions that I asked Commissioner McSteen about was the idea of paying more than 100 percent under the performance system so that you reimburse for the attempt to do something other than just take the obvious people, as Senator Evans pointed out. Is that a sound way to look at that, or is there a different or better way?

Dr. NOBLE. Yes, that would help, but I think there is a more target-efficient way that could overcome some of the problems we have in giving credit to State rehabilitation agencies for the services they provide.

What we would like to see is some way that you could reinforce on a regular basis the fact that State rehabilitation agencies placed a disabled person into a job paying the substantial gainful activity wage, or some portion thereof, and to keep them providing services as long as needed. Thus, if State rehabilitation agencies have to go back to the till on an annual basis, reporting that they continued to provide *n* number of dollars' worth of services to retain a disabled person on the job, I think that would be a more efficient way of achieving the desired goal, rather than just giving them, say, 150 percent of what they spent in the first place. Let me amplify.

There is need for an incentive reimbursement system to (a) induce State rehabilitation agencies to accept SSI and SSDI recipients for services, and (b) reward them for valued outcomes. The Omnibus Budget Reconciliation Act of 1981, which replaced the open-ended reimbursement system with one directed to performance, was a step in the right direction. It failed because it set too high a performance criterion and thereby discouraged many State agencies from even trying.

Assuming the Congress makes sections 1619 (a) and (b) of the Social Security Act and the Targeted Jobs Tax Credit—TJTC—program permanent provisions of law, which offer disabled persons and employers adequate incentives to seek and provide employment, respectively, there remains only the need to fashion an appropriate incentive reimbursement system for State rehabilitation agencies. Such a system must be administratively efficient, that is, simple to understand and implement while minimizing abuse. It should also recognize and reward different levels of goal attainment, and induce investments in the kinds of rehabilitation strategies which have the greatest payoff for severely disabled persons; namely, transitional and supported work strategies.

Therefore, it is recommended that the Congress modify the rehabilitation financing provisions of the Omnibus Reconcilitation Act of 1981 to reimburse State rehabilitation agencies according to the following schedule: Provide 125-percent reimbursement for placement and retention for 2 months in a job paying the substantial gainful activity [SGA] wage of $300 per month; provide 150-percent reimbursement for placement and retention for 2 months in a job paying the Federal minimum wage or higher; and create a new case outcome category for accounting purposes, "rehabilitated into transitional and/or supported work," and provide 100-percent reimbursement for the annual costs of maintaining disabled persons in

jobs paying the SGA or Federal minimum wage into which they have been placed by State rehabilitation agencies.

State rehabilitation agencies have for years maintained a case reporting system which contains the necessary items of information needed to implement the proposed system. Adding a new case outcome category, "rehabilitated into transitional and/or supported work," will be a minor inconvenience, well worth the additional reimbursements it will secure. The proposed system should be no more difficult for the Social Security Administration to implement than the one they now employ to reimburse State rehabilitation agencies on the basis of documentation of the costs of placing and maintaining an SSDI or SSI recipient in a job paying the SGA wage for 9 continuous months.

Paying 125 and 150 percent, respectively, for jobs paying the SGA and Federal minimum wage recognize the relative difficulty of achieving these outcomes, and provides at least partial reimbursement of State rehabilitation agencies for the costs of serving cases which fail to achieve the requisite goal. Reimbursing State rehabilitation agencies for the annual costs of maintaining persons in jobs paying the SGA or Federal minimum wage recognizes the higher investment payoff of keeping severely disabled people employed compared to trying to get them back to work after they become unemployed.

Chairman HEINZ. The Disability Amendments of 1980 had three provisions in section 1619—special monthly benefits and medicaid funding for SSI recipients who have worked beyond the 9-month period; impairment related work expenses—for instance, medication, attendant care, special equipment, can be deducted from countable income; and money earned in sheltered workshops would be treated as earned rather than unearned income. Is that the kind of thing you are talking about?

Dr. NOBLE. I think that those are additional reinforcers, and that continuation of 1619 (a) and (b) is absolutely essential to overcome the very severe work disincentives that are imbedded in the old SSI law.

Chairman HEINZ. Well, I think you are about to get your wish on that, both in the Pickle bill and in the bill reported from the Senate Finance Committee yesterday afternoon.

Gentlemen, you have given us a tremendous amount of assistance. We are deeply indebted to you for the very thoughtful papers and presentations that you have made. There may be a few additional questions I and other members of the committee will want to submit to you for the record. But thank you both, Dr. Noble and Dr. Schulz, for all your help, and Dr. Schulz, we hope that long before the next 10th anniversary of SSI, we will have a little more information for you and your research assistants up at Brandeis to get your teeth into. We are deeply indebted to you.

I also see a young man who has just arrived, a neophyte in Washington, who hopes to make a mark. It is, of course, a pleasure and with a sense, I hope, of whimsy, that I make those remarks, about Arthur Flemming, who has been coming before the Congress for a lot longer than I have been here, and maybe by a multiple thereof.

Arthur, would you like to come up and join us?

Gentlemen, I think we have asked you all the questions we have for you, and you are excused, if that is your wish.

May I just say, I do not know of anybody who could be a better "clean-up hitter" than our last witness, Arthur Flemming, who has served with such distinction, in so many ways.

Arthur, please proceed.

STATEMENT OF ARTHUR S. FLEMMING, WASHINGTON, DC, COCHAIR, SAVE OUR SECURITY

Mr. FLEMMING. Mr. Chairman, I appreciate very, very much your recognizing me at this late hour, as far as this hearing is concerned. I regret very much that I had to start the day off in observance of *Brown* v. *The Board of Education*, and reporting on some investigations of desegregation in three cities, and then over on the House side, on the Age Discrimination in Employment Act.

Chairman HEINZ. Are you making any progress on that over there?

Mr. FLEMMING. Well, they feel optimistic about it, I think. I certainly hope that that cap is raised, because personally, I have regarded that as one of the clear manifestations of ageism that we have built into our society. I think we made progress when we moved it up to 70, and now, if we can get the cap off completely. Congressman Hawkins is holding hearings on it, and I think they do intend to report out the bill, and the House may very well vote on it.

Of course, you know Congressman Pepper has had that as an objective for a long while.

Chairman HEINZ. Given also the youth of our President, I think he would be—as we know he is—in favor of eliminating the cap, too.

Mr. FLEMMING. I would not think he would veto that bill.

Chairman HEINZ. No. It would be a little inconsistent.

Mr. FLEMMING. As you know, I have submitted a statement in behalf of SOS, dealing with SSI, and I would appreciate it if the entire statement could be made a part of the record of the hearing.

Chairman HEINZ. Without objection, so ordered.

Mr. FLEMMING. I will just speak very briefly about my own convictions relative to SSI, convictions which are shared by those who make up SOS. I was in on the ground floor when SSI was passed. Personally, I regarded it as a real step in advance, because I felt that substituting SSI for what we had called aid to the aged, blind, and disabled, was a step forward, and I personally was very, very happy to see the government accept the concept of an income floor for that particular group.

I recognized at the time that it was a low-income floor, but I thought that the thing to do was to get the principle embedded in law and then work on the question of what we could do to increase the floor.

Also when it was started, I was U.S. Commissioner on Aging, and I had the feeling that there would be a great many people who would not learn about that program unless we went to some extraordinary efforts to call their attention to the existence of the program. So we did take the initiative in launching an SSI alert,

which had the cooperation of the executive branch. The Red Cross was willing to function as the lead agency among the private sector agencies. And I think we had a reasonably successful SSI alert, with the cooperation of the Red Cross, and had many, many private sector organizations. And of course, the Social Security Administration cooperated with us, and we were able to utilize the resources represented by their office.

Over the years, I have had the feeling that all of us in the field of aging have tended to sort of forget about the people who are involved in this program. We rejoiced in the passage of the legislation, and we just kind of assumed that it was going to sort of implement itself without a great deal of attention. For example, I am not aware of any organized efforts to lift that floor over a span of the last 10 years. I think most people are in agreement on the fact that it is too low, and it ought to be lifted. Certainly, the present floor is too far below the poverty threshold at the present time.

One of the things that SOS is advocating is the increase in the floor.

Then also, I have had the feeling that over the years, we have not kept up with the assets test, and that they have operated in such a manner as to exclude some persons who definitely should be included in the program. In my testimony, I indicate that SOS believes that there should be an increase in the assets exclusion to $2,250 for an individual and $3,500 for a couple immediately, with future increases indexed to the cost-of-living. In each State, the limitations on assets were unrealistic back when the law was enacted; certainly, they are too restrictive today, because the more than doubling of living costs in the past decade has effectively cut in half the value of the allowed assets, and while there have been some improvements in counting the value of household goods, they have not been sufficient to keep pace with inflation.

Then, we also state that we believe the earnings limitation should be increased by at least 120 percent, to reflect the CPI increase over the past decade.

We have other recommendations which we make, addressed to provisions that we feel unduly limit the eligibility of persons for this particular program.

We did recommend, when the Social Security Amendments of 1983 were pending, that a provision be put in which would fix some responsibility on SSA to keep calling to the attention of people who are eligible for the program and indicate to them how they could establish their eligibility. And we are following the developments as a result of the inclusion of that particular provision.

Chairman HEINZ. Have you got any comments on that effort by SSA?

Mr. FLEMMING. Well, my feeling is—let me back up and say that some of our people did have access to some of the initial wording that was to go into the announcement that SSA was going to send out. We did not feel that it was worded in the best possible way. Suggestions were made for changes. The Leadership Council on Aging made changes. I assume the committee has had the benefit of those particular recommendations. Jack Ossofsky, executive director of the National Council on Aging, took the lead on that. I saw those proposed changes, and it seemed to me that they made a

great deal of sense. Now, I am not up-to-date on just where that is within SSA at the present time; probably the committee is more up-to-date than I am on it. My only feeling is that there definitely is need for this, because it seems to me the figures make it clear that we have got a large number of persons in the Nation who are undoubtedly eligible, but who are not participating. My total experience in the field of aging would indicate that many of them are not participating simply because they are unaware of the program. I feel that one of our major problems in the field of aging is the isolated older person who is cut off and who is unaware of both public and private programs—oftentimes unaware of Social Security as such, as well as other public and private programs. And I have been involved in local programs right here which demonstrate the fact that that group of people do exist and that we ought to keep reaching out for them.

Those are just some general observations, Senator Heinz, based on the statement that I have filed with the committee, and I would be very happy to try to respond to questions.

Chairman Heinz. Mr. Flemming, thank you very much.

[The prepared statement of Mr. Flemming follows:]

PREPARED STATEMENT OF ARTHUR S. FLEMMING

My name is Arthur S. Flemming. I appear on behalf of Save Our Security, of which Wilbur Cohen and I serve as cochairs. Secretary Cohen's previous commitments make it impossible for him to be here today.

SOS is a bipartisan coalition of more than 200 national, State, and local organizations. The coalition represents workers and retirees, the blind and disabled, women and veterans, teachers and social workers, black Americans and Hispanic Americans, civil rights groups, and religious organizations. These groups have a combined membership of nearly 40 million adult Americans.

We commend the committee for taking this thoughtful, reflective look at the supplemental security income program which has been in operation for the past 10 years.

SSI has the distinction of being the first federally guaranteed annual income program in our history. Its goal was to place a sound economic floor under the Nation's needy aged, blind, and disabled.

Prior to its enactment, many people had been served by such Federal-State programs as old age assistance, aid to the blind, and aid to the permanently disabled. But these were, at best, a patchwork affair. There was a confusing set of eligibility requirements and benefit levels, varying widely from State to State. SSI sought to move in the direction of equity, establishing uniform national standards with respect to who was eligible and how much benefits they would receive.

At the outset, those already receiving State support benefits were transferred to the Federal SSI rolls, and benefits were extended for the first time to some persons previously unable to qualify for State assistance. To assure that those already on State rolls would not suffer from this changeover to a Federal system, Congress mandated that those States whose benefits were higher than the new Federal level had to supplement the Federal payment. At the same time it gave all States the option of supplementing Federal payments, if they so desired, for new beneficiaries.

A decade after its enactment, it should be reviewed.

INADEQUATE COVERAGE

There has been a dramatic and consistent shortfall between the number of people deemed to be eligible and the number actually on the SSI rolls.

When SSI was enacted, it was projected that some 6.7 million people were eligible, and it was estimated that of these, 6 million would actually participate. But when the program began in 1974, only 3.2 million actually received benefits. This peaked at 4.1 million in December 1979, and by September 1983 (the last month for which statistics are available) had declined to just under 3.9 million.

Why this shortfall?

The Social Security Administration commissioned a study, published in May 1983, which showed that 45 percent of eligible nonrecipients said they had never heard of SSI; the majority of the other eligible nonrecipients said that, while they knew about SSI, they didn't know they were entitled to its benefits.

Who are these eligible nonrecipients?

The study showed that 34 percent were under age 70; 24 percent were between ages 70 and 74; and 42 percent were over age 75. A staggering 79 percent were women, more than half of them widows. In other words, there are millions of Americans—a disproportionate number of them women living in loneliness and poverty—for whom this program was intended but who are not being served by it.

Last year, at the urging of SOS, Congress mandated that the Social Security Administration conduct an outreach program to let potential beneficiaries know about SSI and to encourage them to apply for benefits. Outreach is not a new concept. During my tenure as Commissioner on Aging, the government, in cooperation with hundreds of private sector organizations, conducted, at the outset of the program, an SSI Alert which resulted in many persons establishing eligibility who otherwise would not have known about the program.

Through oversight, the 1983 legislation targeted the outreach program only at retirees. A simple legislative amendment could extend its application to the blind and disabled, as well—although SSA, without legislation, could itself initiate action to include the blind and disabled.

BENEFITS BELOW THE POVERTY LEVEL

SSI's goal was to set a level of guaranteed income for the poorest of the poor. The problem has always been that SSI benefits were set, and remain, well below the government's official poverty level. In 1974, the Federal SSI payment equalled 70 percent of the poverty guidelines for an individual and 80 percent for a couple; today, the Federal benefit is 72 percent of the poverty level for individuals, and 85 percent for couples.

Two national commissions have recognized that SSI is flawed by the fact that it freezes millions of people into poverty, and have recommended steps to correct this situation.

SOS recommends that, at the earliest possible date, the basic SSI benefit be raised to the poverty level, and that it be indexed annually to keep pace with the government's definition of the minimum amount needed to provide individuals and couples with such essentials as food, clothing and shelter. In the future, SSI benefits should be raised to at least 125 percent of the poverty level, and kept there through annual adjustments.

STATE SUPPLEMENTS

Even the State supplements have not significantly improved the benefit-poverty ratio. In only three States (Alaska, California, and Massachusetts) does the combined Federal-State benefit exceed the poverty level for individuals; in only 10 States (Alaska, California, Colorado, Massachusetts, Nebraska, Nevada, Oklahoma, Rhode Island, Vermont, and Wisconsin) do benefits exceed the poverty standard for couples. Only 26 States make any provision for supplemental benefits.

So we still have a situation where the benefit structure varies markedly from State to State—the very thing SSI was intended to eliminate. The problem lies in the fact that we have a two-tier system—a Federal "floor" of SSI payments, and the State "supplementation." The problem is aggravated further because there are two kinds of State supplements, one "mandatory," the other "optional."

Three times—in 1976, 1979, and 1983—Congress enacted laws which, whatever their intent, have had the cumulative effect of eroding State supplementation. Simply put, supplementation of SSI is subject to too many variables on a State-by-State basis. These payments can, and do, fluctuate as the mood of the public changes and as the States' fiscal resources for the needy compete with other social demands. With cutbacks in Federal funds, State priorities may shift, and the only constant floor will be the Federal SSI benefit.

SOS believes the Federal Government should provide greater encouragement to States to make supplementary payments, and should create disincentives for those States which are tempted to reduce supplementation whenever Federal SSI payments rise.

THE ASSETS TEST

The law originally set stringent limitations on the assets an individual or couple could own and still be eligible for SSI. On such assets as real estate, personal property, savings accounts, checking accounts, stocks and bonds, the ceiling was $1,500 for an individual and $2,250 for a couple.

Those limits remain in effect a decade later, despite the fact that the Consumer Price Index has skyrocketed nearly 120 percent in the period since enactment of the law.

The original law excluded the first $25,000 of the fair-market value of a home; the first $1,500 worth of household goods; the first $1,500 in life insurance; and the first $1,200 of the value of an automobile. There have been some modifications over the years. A home is now totally excluded, regardless of its value; the ceiling on household goods has been raised to $2,000; there is a limit of $1,500 on the value of a burial plot and burial insurance; in some cases a car will be totally excluded, in others it will be excluded up to $4,500.

SOS believes there should be an increase in the assets exclusion of $2,250 for an individual and $3,500 for a couple immediately, with future increases indexed to the cost of living. The limitations on assets were unrealistic back when the law was enacted; certainly they are too restrictive today, because the more than doubling of living costs in the past decade has effectively cut in half the value of the allowed assets. And while there have been some improvements in counting the value of household goods, they have not been sufficient to keep pace with inflation.

THE INCOME PROVISION

In determining SSI eligibility and benefits, deductions are made to reflect both earned and unearned income.

The first $20 a month of unearned income (Social Security benefits, workers' compensation, veterans' benefits, gifts, annuities, rent and interest) is excluded; the balance of any such unearned income is deducted from the primary SSI benefit.

The first $65 a month of earned income is also excluded; any excess above that level reduces benefits by 50 cents for each dollar of earnings.

Those exclusions were in the original legislation; 10 years later, and despite rampant inflation, they remain unchanged. Thus the ability to qualify for SSI and the value of its benefits have been dramatically reduced.

SOS believes the earnings limitation should be increased by at least 120 percent, to reflect the CPI increase over the past decade. This will simply restore the program to its original level—which was unduly restrictive in the first place. We also believe certain gifts should be excluded from income, and that emergency and other in-kind assistance (such as energy assistance by nonprofit organizations) should also be excluded from countable income. This would extend a temporary provision included in the 1983 Social Security Amendments—a provision which will otherwise expire this year.

OTHER LIMITATIONS

SSI beneficiaries are unable to maintain their own households and are forced to live with family or friends, their primary SSI benefit is reduced by one-third, on the theory that this reflects the value of the food and shelter provided to them. Not only does this harm the recipient and place financial strain on the family, it often discourages them from continuing to provide a home for the SSI beneficiary.

SOS supports elimination of this one-third reduction. We feel it provides financial disincentives to families to share their homes with SSI beneficiaries. It goes against the American view of the importance of the family. What is worse, it makes poor economic sense: in too many cases, recipients end up in a facility, the cost of which far exceeds the full SSI benefit.

If beneficiaries are confined to a nursing home or other facility eligible for medicaid inpatient reimbursement, they receive their full SSI benefit for 1 month until medicaid begins to pay for their board and lodging; then their benefits are reduced to $25 a month—a sum deemed sufficient to buy "incidentals" while in the facility. This figure has not been changed in the 10-year history of SSI. Nor does it take into account the fact that many recipients consider their stay temporary, and want to continue to maintain their previous independent living arrangements. Usually the abrupt reduction in SSI benefits makes this impossible. Unable to meet ongoing rent and utility payments, many recipients are forced to remain in the facility for lack of an alternative. This is not only socially irresponsible, it also increases the cost to the taxpayer.

SOS believes that SSI benefits, under these circumstances, should be continued for at least 2 months, and preferably for an even longer period, to allow recipients greater flexibility to maintain their own home. We also believe provision should be made for adequate home health care to avoid institutionalizing people who would prefer to remain at home. This would benefit both the recipient and the taxpayer. Finally, we believe that when benefits are cut back for the person who is institutionalized, the amount to cover "incidentals" should be raised to at least $35 a month and then indexed.

Although the vast majority of SSI recipients are adults, the program is also intended to serve disabled children. But the participation rate for disabled children is very low. One reason is, again, the lack of knowledge about the program. A second reason is the administrative application of a very restrictive definition of disability, which does not take into account the child's functional limitations. A third reason is the way in which the assets limitation is applied to the child. For example, if a single parent with a blind child has $3,100 in countable assets, $1,500 of that amount is considered to belong to the parent, while the balance—$1,600—is deemed by be "owned" by the disabled child, without regard to the number of children in the household. This makes the disabled child ineligible to receive SSI payments.

SOS believes that a special outreach program should be targeted at schools, hospitals, and social service programs serving disabled children and their families. We also believe the standard of disability applied should take into account the functional limitation of a disabled child. Finally, we believe that the assets limitation placed on a family should be revised to take into account the family's obligation to take care of all the children in the household.

Since 1981, the Social Security Administration has terminated hundreds of thousands of disability insurance recipients, claiming that they were not disabled. In the process, it terminated many SSI disability recipients, applying the same questionable standards. At the same time, the rate of approval of initial applications for SSI benefits on the grounds of disability has dropped sharply.

SOS believes the criteria to establish eligibility for SSI are far too strict, and the application of these criteria has become even more severe. Congress must deal with this issue, so that those with clear entitlement to SSI benefits are restored, or admitted, to the rolls.

In 36 States and the District of Columbia, a person receiving a Federal or State SSI payment is automatically eligible for medicaid. Thus even a small cash payment is worth applying for in most cases, since it carries with it significant protection against the economic burden of medical care.

SOS believes that medicaid coverage for SSI beneficiaries should be mandated in all 50 States and other jurisdictions. One of the goals of SSI was to bring about uniformity and end the inequities which came about based solely on where a person lived. Certainly, then, there is a need for uniformity in the availability of medicaid to serve the urgent medical needs of the poorest of the poor.

CONCLUSION

The Supplemental Security Income Program is based on a sound premise—that the richest nation on earth should be able to demonstrate its compassion for all of its needy aged, blind and disabled citizens.

In its 10-year history, SSI has served a useful purpose in protecting some—but not all—of the least fortunate among us from literally starving to death.

But SSI has yet to achieve its full potential.

Bringing the maximum number of eligible people under SSI's protection, bringing them at least up to the proverty level, and modernizing the program's criteria, remain part of the unfinished business on our social agenda.

Senator Moynihan has introduced S. 2569 which presents important improvements in SSI, particularly its administration. We commend this bill to you.

We trust that it will not take another decade to match the SSI performance to its promise.

Chairman HEINZ. I understand that in your written testimony, you suggest that the definition of "disability" used in SSI should be made less strict; is that correct?

Mr. FLEMMING. Yes.

Chairman HEINZ. And that your argument for that is that people on SSI typically have fewer skills and poorer work records, and that therefore, they should be looked at and evaluated differently.

Any idea how we do that, for those of us who are not up-to-speed on the POMS and the listings and the methods of calculating residual functional capacity?

Mr. FLEMMING. I think to develop, first of all, legislative language, and then a program to implement that legislative language would require the help of experts who have been working in the area. I think we have identified an area that is worthy of careful analysis and investigation, because we are dealing here with the poorest of the poor, and my feeling has been that our standard on disability in some respects could be looked upon as unrealistic when you think in terms of the population that we are dealing with.

I would be very glad to work with the staff of this committee on the development of some specific criteria that could be applied to this group, growing out of my own experience. At this point, I do not have specific criteria in mind, but I think it is possible to do it, and I think it is possible to do it in such a way as to recognize the fact that we are dealing with the poorest of the poor, and I think it is possible to do it in such a way as to make it administratively feasible to implement those criteria, looking at it from the point of view of the government operating in a responsible way as it deals with the group.

Chairman HEINZ. As you describe the task, my sense is that we almost need to commission a very specific, highly skilled task force or commission to look into it, define the problem, and then suggest some fairly specific, carefully crafted solutions.

I do not know—I like to think that the staff of the committee is extremely expert, but I can also tell you that I do not think any of them have ever conducted a disability review or initial determination—they may have been through one, but they have not conducted one.

Mr. FLEMMING. I have great respect for your staff, also, but I agree with you. I mean, I think they, and certainly, I, would feel much more comfortable if they brought together a group of people who have been out on the firing line, so to speak, dealing with these specific cases, and could share with us the experiences that they have had.

Chairman HEINZ. I think we ought to work with you to figure out what the best way to proceed is from here on out.

Let me ask you a philosophical question that you have got to be asked, and it is going to be asked. Notwithstanding whether or not there are differences in skills, why should the test of whether someone can work be different for one group of people than for another. Why should there be a difference between two groups of people?

Mr. FLEMMING. That is a very valid philosophical question. My response would be that if we get into the specific problems that exist in applying disability in the SSI area, we may very well conclude that some of the standards that we are applying on disability under Social Security are likewise too rigid and too unrealistic in terms of the lives of the people who are under that particular system, because it does not—I mean, you can generalize as between the two groups to some degree, but I think it is a good thing to start with this group, the poorest of the poor, and those who really,

in many, many instances, have come from families that, for two and three generations, have not known what it is to be a part of the labor market; start with persons who come from families that have been the victims of discrimination in the field of education, as well as in the field of employment, and then, the victims in terms of the delivery of services—health services, mental health services, in particular—and see what is the fair and the compassionate way of dealing with them in terms of determining their eligibility. But I would not be at all sure that that would not raise in our minds the question of whether or not we are being as fair and compassionate as we should be with those——

Chairman HEINZ. You may be raising the issue, once you go beyond people's endowment to work—of federalizing general assistance, or what is at least in some States called general assistance. Is that really what we are talking about?

Mr. FLEMMING. Federalizing general assistance, you say?

Chairman HEINZ. Yes; in my home State of Pennsylvania, we have had the legislature in the last year or two virtually eliminate a category of general assistance, which was for people who, when all else failed, were not working. Depending on who you listen to, they could not find a job, or did not want to find a job. In either case, they had no income, had no visible means of support, and though they were very unskilled, the vast majority were presumably not disabled. Hence, it seems to me that what you are suggesting is considering something beyond simple capacity to work, and I just want to make sure I understand what you are thinking of.

Mr. FLEMMING. Basically, you are right. I mean, we are raising the question of whether or not the principles underlying SSI should be applied to all age groups in our society. Personally, I feel that that should happen. Of course, that in a sense, essentially, is what was proposed by President Nixon in 1969 or 1970, in that period.

I had always hoped that SSI would evolve in such a way as to commend itself to the Nation as a program that would be applicable to all age groups. Personally, from a philosophical point of view, I want to see this program operate in a very effective way for the aged, clearly, for the disabled and the blind, and of course, there, we do not have an aging department in that sense, and it does apply across-the-board. But if we could take the principles of the SSI and apply them to all age groups, we would be encompassing the general assistance category that exists in many of the States. We would be federalizing it. And of course, there have been proposals that we ought to federalize welfare, anyhow.

Chairman HEINZ. As you point out the family assistance program, which was advocated by President Nixon, would have virtually done that.

Mr. FLEMMING. That is right.

Chairman HEINZ. I have always wondered what the difference between that and the demo grant was, but that is another subject. In any event, we thank you for having given us some genuine food for thought, as you have been doing here in Washington for—I hesitate to say how many years, but at least, shall we say, a generation's worth of legislators——

Mr. FLEMMING. I started appearing before committees in 1939, when I was a member of the Civil Service Commission.

Chairman HEINZ. Several generations' worth of legislators.

Mr. FLEMMING. Right.

Chairman HEINZ. And this generation is as deeply grateful to you as the last.

Mr. FLEMMING. Well, I want to say that personally, I appreciate very much your decision and the decision of the committee to take an overall look at SSI, because I think it is very important to do it in terms of the persons who are encompassed by SSI, but in addition to that, I think it is very, very important to do it in terms of SSI conceivably serving as a model for the country, and I feel that we have suffered because there has not been the oversight on SSI in the past that, in my judgment, there should have been.

Chairman HEINZ. Well, a journey of a thousand miles begins with a single step, and as usually, you have put your foot in on it.

Mr. FLEMMING. That is right. Personally, and in behalf of SOS, I would be delighted to work with you and the committee and staff, seeing what we can do to just put SSI on a sounder basis and have it operate in a fairer and more compassionate manner, as far as the aged, the blind and the disabled are concerned.

Chairman HEINZ. Arthur, thank you very much. I very much appreciate it.

Mr. FLEMMING. Thank you. I appreciate it. It is great to be with you.

Chairman HEINZ. The hearing is adjourned.

[Whereupon, at 12:50 p.m., the hearing was adjourned.]

APPENDIX

MATERIAL RELATED TO HEARING

ITEM 1. ADDITIONAL MATERIAL ON OUTREACH, SUBMITTED BY THE SOCIAL SECURITY ADMINISTRATION

SSI Outreach

I. INTRODUCTION

With the passage of SSI legislation in October 1972, SSA began a concerted outreach effort to the potentially eligible population. This paper describes the many outreach efforts of Federal, State, local, and community agencies and groups to locate, screen, and sign up persons eligible for the new SSI program. Applications were taken beginning July 1, 1973. By December 1974, almost 1.2 million newly enrolled persons were receiving SSI benefits; by the end of 1975, they numbered over 1.5 million

II. GEARING UP—OCTOBER 1972 THROUGH DECEMBER 1973

Between October 1972 and January 1974, over 70.5 million copies of 28 separate publications were printed and distributed to field offices and interested organizations.

Also, 72 different leaflets were printed for use by the States—most in English, others in 10 different languages. Total production was almost 12 million copies.

Newspapers used SSA press releases about the upcoming SSI program extensively.

Audio-visual materials were also produced and included four TV spots—two received national exposure by the three networks—two platters of radio spots for use by local radio stations, and a slide series for use by field offices. Every other platter of SSA radio spots between October 1972 and December 1973 included at least two spots on SSI.

Seminars, briefings, consultations, etc., were also provided by SSA during the 1973–74 SSI "startup" period to major national, State, and local legal aid, welfare, and advocacy groups to inform them of the SSI program and to enlist their assistance in finding potentially eligible persons. SSA also worked with HUD, Agriculture, and other Federal agencies through their respective assistance programs to publicize the SSI program.

In addition to the efforts cited above, other SSA regional and local office outreach efforts in 1973 and 1974 included:

—Face-to-face interviews and door-to-door canvassing of potential eligibles by volunteers of various State and local organizations.

—Distribution of special materials such as "SSI Alert" shopping bags in supermarkets, multilingual flyers, and fact sheets.

—Newspaper ads with tear-out "coupons" to be used as leads forms.

—Special leads programs—examples: New York State Office of Aging searched State driver's license lists of people over 65; Chicago offices worked with hospital and institutional social workers and State/local welfare people to obtain leads; Texas offices sent leads letters and leaflets to retired teachers, using a list furnished by the State; and SSI leaflets were enclosed with Texas State retirement checks.

—Special referral program—e.g., a referral system was set up in each State in the Dallas region.

—Special projects—examples: Mexican-American outreach project conducted along the Texas-Mexico border; the Navajo Reservation project in the Dallas

region; the Wyoming Arapahoe-Shoshone Tribal Council and North Dakota United Tribal Council outreach projects conducted in the Denver region.

In January and February 1973, State welfare public information officers and over 100 national organizations were briefed on the SSI program. They then began their own outreach efforts using their own communications outlets.

The first public information materials on SSI were distributed to Social Security field offices in April. These included an SSI national communications strategy, a speaker's guide on SSI provisions, a basic SSI leaflet, and a basic handbook on administrative preparations for SSI and news releases on the program.

In July, a package of news releases and radio communications was distributed to field offices for use with the local media. Over 1,300 newspapers printed the news releases, and radio stations across the country made spot announcements and the SSI program.

During August, 15 major national organizations with ties to aged, blind, and disabled persons were surveyed to determine how they could help enroll new eligibles. Materials and guidelines were provided to them to notify their members through house organs.

In September, a second package of draft news releases and radio and TV scripts was distributed to the field for local usage in each district.

In October, a self-screening leaflet for potential eligibles was distributed to field offices. Also, drafts of 50 State leaflets, tailoring SSI information to individual States, were distributed to the regional commissioners.

Also in October 1973, SSA undertook two pilot efforts designed to identify the best methods of finding eligibles:

National master beneficiary record (MBR).—To determine if the MRB was a good source for SSI leads. Of the 84,600 persons contacted, 26.8 percent appeared to be potentially eligible.

High density poverty area contact program.—To determine the effectiveness of using leads from high density poverty areas. Of the 385,000 persons contracted, 26.9 percent appeared to be potentially eligible.

In November, TV and radio spots in English and Spanish were distributed for use in local service area media presentations. Other audio-visual materials—slides, a film, and posters—were distributed to field offices.

And in December, a third package of news releases, radio and TV scripts, and question-and-answer columns was distributed to the field.

III. OUTREACH EFFORTS DURING START OF SSI—1974

In addition to receiving referrals from welfare agencies, private groups, churches, etc., of potentially eligible SSI recipients to SSA field offices, SSA continued to search out persons through several massive Federal, State, local, and nonprofit agency efforts:

In January-June a massive outreach campaign, known as SSI Alert, coordinated by Dr. Arthur Flemming, U.S. Commissioner on Aging, and eight national voluntary organizations recruited community and neighborhood volunteers. The goal was to contact older persons and minority group members whose participation in assistance programs was usually minimal. Over 30,000 volunteers worked in 630 locations to contact potential eligibles. Of the 252,000 referral notices issued, 16.7 proved potentially eligible.

MBR Leads Project

Because the October 1973 test of the MBR as a source of leads showed good potential, in early 1974, SSA began a 16-month outreach program to contact those individuals on the MBR who might be eligible for SSI. However, only 256,000 claims could be directly related to the mailing of leads forms to the 5.2 million people selected as potential eligibles. The low participation rate was in large part due to the fact that only 50 percent of the people responded to the lead questionnaire. A study of those who did not respond showed that the major portion had correctly determined that they were not eligible because of their income or resources. The remaining group had applied for SSI already or were not interested in filing. A small number did file because of the followup contact. Many of those who did respond were found to be ineligible because of income other than Social Security benefits or because of their resources.

IV. OUTREACH EFFORTS 1975 TO PRESENT

In June 1975, special outreach projects were conducted in Hays, Kansas, and Birmingham, Alabama. The primary purpose was to see if there were potentially eligible people who had never heard about SSI. The project also was designed to evaluate the relative effectiveness of the media used.

The characteristics of these two sites provided SSA with a rural, mid-American city—Hays, KS—and an urban, densely populated, high-poverty city—Birmingham, AL—to study outreach techniques.

In the two projects SSA used a combination of outreach techniques: special telephone numbers, outstationed personnel, and volunteers manning telephones in communities distant from SSA offices. Virtually all media forms were used. An informational package was distributed to churches, farm and veterans' groups, and other organizations. Special franked flyers were distributed via rural route carriers. A special press package was produced for the kickoff of the campaign and press releases were issued throughout the campaign. Radio and TV spots and programs were broadcast during the course of the project, and State leaflets, screening forms, posters, and bus cards were distributed.

As a result, the district offices in these two areas received approximately one-third more inquiries than during a normal work period.

During the project, 3,468 questionnaires were completed. From an analysis of them SSA found:

—643 claims were filed.
—50 percent of the people with claims that were approved already know about SSI.
—84 percent of the people had not filed before.
—70 percent of those filing claimed disability or blindness; 30 percent were aged.
—The overall denial rate was 60 percent (70 percent among disabled and 30 percent among the aged).
—Of the claims allowed, 11 percent (29 persons) had earlier claims in pr ss.
—The use of a special telephone number was effective in metropolitan areas but not in rural situations.
—The claimants preferred to come to the regular SSA office rather than to the special field offices set up in low-income neighborhoods.

Based on analysis of the Hays-Birmingham project SSA staff came to the conclusion that continuous use of the media, along with leaflets and other written agency material would enable SSA to reach almost all of the intended audience in time.

Since the Hays-Birmingham project in June 1975, SSA has continued an extensive, ongoing public information campaign to reach potential SSI eligibles. That campaign relies heavily on the use of radio and newspaper publicity. A series of Social Security public service announcements on Social Security and SSI subjects are distributed, upon request, four times each year to more than 3,000 radio stations for continuous play. In addition, Spanish-language messages about Social Security and SSI are distributed to radio stations serving the nation's Hispanic communities.

Information about the availability of SSI and how to apply for it is regularly included in the Monthly Information Package for placement with local papers by SSA's 1,350 district and branch offices around the country. And Information Items, a monthly newsletter sent to about 5,000 groups and organizations which service Social Security and SSI constituences regularly publicizes the SSI program. Both the Monthly Information Package and Information Items are available in Spanish-language versions.

Currently, two of SSA's five basic publications are geared to informing people of the availability of SSI. The leaflet, SSI for Aged, Disabled, and Blind People, is distributed to field offices for use as a handout to potential recipients. About 1.5 million copies of the leaflet are printed each year. The booklet, A Guide to Supplemental Security Income, is a comprehensive explanation of the program for groups and organizations that have contact with potential recipients. More than a million copies are printed each year.

We also produce 50 State SSI leaflets, which explain how the program works in the individual States. These leaflets are distributed to State agencies, as well as to field offices, for handout to potential eligibles.

In 1980, in cooperation with the Department's Office of Refugee Resettlement, SSA produced a bilingual publication for Indochinese refugees. SSA later printed Spanish/English and French/English versions of the publication for Cuban and Haitian refugees. These were distributed to field offices. Information about SSI also will be provided in a new "universal slide series" which will be distributed to field of-

fices in 1984. Field offices will use the slide series to develop presentations tailored to specific audiences.

V. 1983 AMENDMENT OUTREACH EFFORTS

The Social Security Amendments of 1983 (Public Law 98–21) require SSA to send, prior to July 1984, a notice to all elderly OASDI beneficiaries who are potentially eligible for SSI. Notices will be sent to all beneficiaries whose own benefit is less than $334 a month (or $492 for a couple)—the Federal SSI standard plus an amount equal to the standard $20 income disregard. This outreach effort will result in seven million self-mailer notices spread over five monthly mailings between the 10th and 20th of each month (February–June 1984) staggered by the last digit of the Social Security number. A supply of the self-mailers will be sent to program service centers for remailing in cases where the notice is returned by the Postal Service as "undeliverable."

The 1983 amendments also require that similar information on SSI availability be sent to OASDI beneficiaries as part of the supplementary medical insurance (SMI) enrollment package at age 65. These notices were first mailed with the July 1983 SMI enrollment package and have been enclosed with the package every month since. The SMI enrollment package is sent to about 130,000 title II beneficiaries per month.

Evaluation of Outreach Efforts

The Senate Finance Committee's 1977 staff study [1] of the Supplemental Security Income Program under the section on "Outreach" noted:

"The staff * * * finds that the agency's efforts to reach the potentially eligible population if anything have exceeded the implied mandate of an agency to publicize its programs."

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[1] The Supplemental Security Income Program—Report of the Staff to the Committee on Finance, U.S. Senate, Russell B. Long, Chairman, April 1977, 95th Congress, 1st session, pp. 16–17.

ITEM 2. GENERAL INFORMATION AND MEDICAL HISTORY OF ALEEN C. COOK

FULL NAME:	Aileen Cornelia Cook
ADDRESS:	4124 South Bernard Road Joelton, TN 37080
PHONE:	(615) 876-2374
SOCIAL SECURITY NO.:	415-12-4474
AGE:	60
DATE OF BIRTH:	July 11, 1923
MARITAL STATUS:	Separated for 19 years/widowed October 1983
CHILDREN:	Four sons, none dependent
EDUCATION:	Completed 7th Grade
LIVING SITUATION:	Lives alone/owns her own home - Bought for $7,000.00 in 1963, Still owes $3,000.00 on mortgage, Pays $81.00 per month installments.
WELFARE OR OTHER BENEFITS RECEIVED:	Food Stamps only in the amount of $30.00. County Hospital Medically Needy Program provides prescribed medications at no charge.
WORK EXPERIENCE:	
May through October 1969	Worked as a Nurse's Aide at a local hospial. No other work outside the home.
REASON FOR LEAVING WORK:	To care for invalid mother. Mrs. Cook was sole caretaker for her mother for 8 years prior to her mother's death.
DISABILITY ESTABLISHED:	Received SSI/Medicaid in 1974 after being determined to be disabled.

MEDICAL HISTORY:

Arthritis

Claimant began to develop arthritis 20 years ago. She has been treated by an orthopedist, Jerry C. Hunt, M.D., since 1974 after insurance benefits were awarded.

Diagnosis: Osteoarthritis of the lumbar spine, neck, shoulder, hands and hip. Dr. indicates in treatments notes of 1/9/84 - Surgery is needed to eliminate pain in lower back. Mrs. Cook states that she is in considerable pain throughout the day and has difficulty sleeping at night because of the pain.

Medications Prescribed: (See attached medication list)

"Nerves"

Claimant began to develop stress related psychiatric problems in 1971. She has been seen since that time by William E. Coopwood, M.D., for nervous condition.

Diagnosis: Depressive neurosis. Mrs. Cook states that when her physical problems cause her severe pain she becomes nervous and distressed because of the pain.

Medications Prescribed: (See attached medication list)

Hiatal Hernia

Claimant has had hernia repair and subsequent "tore it loose" one year after the surgery was performed in late 1969. Has experienced increasing amount of pain due to hernia over the past several years. Mrs. Cook sees Dr. Evans at St. Thomas Outpatient Clinic for this problem. He has informed her that corrective surgery is indicated; however, it would be exptremely dangerous for her to undergo the surgery because of the location of the tear.

Medications Prescribed: (See attached medication list).

PRESCRIBED MEDICATION AND COST ANALYSIS

FOR

ALEEN C. COOK

Problem	Medication	Number in Prescription	Dosage	Cost per Month
Arthritis	Norgesic Tab Forte	100	4 per day	$ 38.64
Arthritis	Indocrin	30	2 per day	23.21
Pain	Phenaphen #3	60	2 per day	12.01
Nerves	Centrex	30	2-4 per day	21.64
Hiatal Hernia	Tagiment	120	4 per day	44.20
Sleeping	Chloraldydrate	30	1 per day	5.63
Estrogen depletion	Premarin	21	1 per day	4.77
			TOTAL.....	$ 149.80

SOCIAL SECURITY ADMINISTRATION NOTICES

SENT TO MS. COOK

(IN CHRONOLOGICAL ORDER)

This section contains the following:

1. Supplemental Security Income Notice date 11/26/83, states that:

   Mrs. Cook's SSI benefit will be raised to $314.00 beginning January 1984.

2. Social Security Notice of Disapproval of Claim dated 1/13/84, states that:

   Mrs. Cook is not disabled under the law.*

* This notice was particularly alarming to Mrs. Cook as it does not specify that the notice pertained to Disabled Widow's Benefits, nor dies it explain the basic requirements which she must meet under D.W.B. This notice, as read by the claimant, said that she was no longer considered disabled and was no longer eligible for any benefits in any program, as specified in the last sentence of the notice.

3. Social Security Award Letter dated 2/21/84, states that:

   Mrs. Cook has been awarded benefits.*

* This notice is extremely confusing and led to a great deal of distress for Mrs. Cook. First, the notice informs claimant that she has been awarded Social Security benefits in the amount of $349.00 per month. The first page (mid-line) has a typed instruction "See attached". The attached statement informs claimant that she is entitled to a lump sum death payment ($255.00); she has been overpayed ($693.99); the death payment has been used to recoup part of the alleged overpayment; the overpayment is reduced to $438.00; further recovery will be initiated against any retroactive Social Security benfits she has accrued (prior to claimant receiving an retroactive check).

  The second page of the notice tells claimant she may appeal and file a waiver. The notice informs her that benefits will be withheld if the Social Security does not hear from her within 30 days. The claimant believed one month prior had been reconsidered and that she was awarded benefits after all. She had no idea what the overpayment was about because she and her dependent child received the checks referred to in the notice in 1969 on her disabled husband's account. This was a one time payment because the child turned 18 the month following the award of benefits. No further checks were received. Mrs. Cook had not been notified as to the existence of an overpayment until she received this notice dated 2/21/84 (after 15 years had lapsed).

4. Social Security Notice of Reconsideration dated 2/27/84, states that:

   Original denial of benefits is upheld. *

* Suddenly, Mrs. Cook is informed that she is not eligible for benefits. Again, the notice does not specifically inform the claimant that Disabled Widow's Benefits are separate from the Widow's Benefits that she was award 6 days prior to this denial. Mrs. Cook thought that she was being turned down again for any type of benefits.

5. Social Security Benefit Information Notice dated 4/6/84, states that:

> An adjustment has been made on the benefits payable on her husband's record. *

* Mrs. Cook again is distraught. The notice informs her that she was previously notified that she had $78.00 payable after the SSI offset which would be used to reduce the alleged overpayment to $360.00. Mrs. Cook felt that she must have missed a notice because she had not been informed as to the specific amount of $78.00. The notice further states that the Social Security Administration will send her a check for the $78.00 soon. The notice explains that the $78.00 check represents the balance of retroactive benefits due after the Social Security Administration withheld benefits due to offset the SSI payments for the same month. The notice informs Mrs. Cook that she has been overpaid because she received $628.00 in SSI during the months of 12/83 and 1/84. She is asked to refund "this overpayment" within 30 days or her entire check will be withheld beginning June 1984.

It is most difficult to determine what this notice is saying. Was the Social Security retroactive benefit due reduced by $628.00, leaving a $78.00 balance due to the claimant? Or, is the claimant required to refund the $628.00 in SSI she received during a period that she was eligible for, but did not receive, Social Security benefits? Is the $78.00 forthcoming? Or, has it been withheld to reduce the alleged overpayment which occurred 15 years ago? Will Mrs. Cook get her check in June?

Mrs. Cook has filed a waiver dated April 19, 1984. As of this date there has been no response from the Social Security Administration.

6. Social Security Notice dated 4/29/84, states that:

> Claimant's monthly check will be $338.00 for the month of June and $349.00 for the month's thereafter. *

* Mrs. Cook has no idea what the lower rate of benefit for the month of June represents. The notice indicates a recovery action but does not include any information. This is particularly puzzling since a waiver was filed, thus under the law, stopping all further recovery action until the appeals process is completed.

7. Photo copy of Waiver Request SSA Form 632 (Overpayment Recovery Questionnaire) and letter submitted by representative.

Supplemental Security Income
Notice of Change

565

From: Department of Health and Human Services
Social Security Administration

Date: 11-26-85

ALEEN C COOK
4124 S BERNARD RD
JOELTON TN 37080

Social Security Number:
409-28-4931 DI

THE AMOUNT DUE YOU BEGINNING JANUARY 1984 WILL BE $314.00.

THE AMOUNT DUE YOU IS BEING RAISED BECAUSE THE LAW PROVIDES FOR AN INCREASE IN SUPPLEMENTAL SECURITY INCOME PAYMENTS IN JANUARY 1984 IF THERE WAS AN INCREASE IN THE COST OF LIVING DURING THE PAST YEAR.

Important: See other side for an explanation of your appeal rights and other information. ▶

Form SSA-L8151-C1 (2-79) (Formerly SSA-8151)
Prior editions may be used until supply is exhausted

Social Security
Notice of Disapproved Claim

From: Department of Health and Human Services
Social Security Administration

Date: 01/13/98

Aleen C Cook
4124 S Bernard Rd
Joelton TN 37080

Claim Number 415-12-4874

We have determined that you are not entitled to disability benefits because you do not meet the disability requirement of the law.

After carefully studying the medical evidence in your claim and your statements it has been determined that your condition is not severe enough to be considered disabling within the meaning of the law. Attached to this notice is an explanation of the decision we made in your claim and how we arrived at it.

If your condition should worsen, you should get in touch with any social security office about filing another disability application. The last day of the specified 7-year period for you is 06/30/88 . An explanation of the disability requirement and the 7-year period is given on the back of this letter.

If you believe that this determination is not correct, you may request that your case be re-examined. If you want this reconsideration, you must request it not later than 60 days from the date you receive this notice. You may make your request through any social security office. If additional evidence is available, you should submit it with your request. Please read the enclosed leaflet for a full explanation of your right to question the determination made on your claim.

If you do not request reconsideration of your case within the prescribed time period, you still have the right to file another application at any time.

If you have questions about your claim, you may get in touch with any social security office. Most questions can be handled by telephone or mail. If you visit an office, however, please take this letter with you.

In addition, you are not entitled to any other benefits based on the application you filed.

Enclosure:
SSA Publication No. 05-10058

Important: See other side for additional information.▶

C77 Exhibit 3 Page 65 of 71 Pages

Form SSA-L806.1 (9-81)
Prior editions may be used

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

EXPLANATION OF DETERMINATION

Name of Claimant	SSN
Aleen C Cook	415-12-4474

The following reports were used to decide your claim: Dr. Manning, MD, report of 12/21/83 exam; J. R. McFerrin, MD, report of 12/21/83; St. Thomas Hospital, treatment 3/22/77 to 11/29/83; J. C. Hunt, MD, treatment notes through 11/15/83.

You claim disability due to nervous problems, a hiatal hernia, arthritis, bursitis and heart trouble. Medical findings show you do have some limitation of motion of your back but no other restrictions. You have no limitations due to a hiatal hernia. Your heart exam, chest x-ray and EKG are within normal limits. Although you do suffer from depression and have limited ability to perform routine activities your mental function is not impaired to a disabling degree.

We find that your condition does not meet the basic definition of disability as defined by the Social Security Disability program.

86

2807

Social Security Award Certificate

From: Department of Health and Human Services
Social Security Administration

Date 02/21/84

Claim Number: 415-12-4474 D

ALEEN C COOK
4124 S BERNARD RD
JOELTON TN 37080

Type of Benefit	Date of Entitlement	Monthly Benefit
WIDOW	12/83	$349.00

WE HAVE AWARDED YOU SOCIAL SECURITY BENEFITS BEGINNING 02/84 AND THE AMOUNT OF YOUR FIRST CHECK IS $349.00.

SHORTLY AFTER 03/03/84 YOU WILL RECEIVE YOUR FIRST CHECK WHICH WILL INCLUDE BENEFITS DUE YOU FOR 02/84. AFTER THAT, A CHECK FOR $349.00 WILL BE SENT EACH MONTH.

WE HAVE NOT DETERMINED THE AMOUNT OF THE SOCIAL SECURITY BENEFITS YOU ARE DUE FOR 12/83 THROUGH 01/84. THESE BENEFITS MUST BE REDUCED IF YOU GET SUPPLEMENTAL SECURITY INCOME BENEFITS FOR THOSE MONTHS. IF YOU DON'T GET SUPPLEMENTAL SECURITY INCOME BENEFITS FOR THOSE MONTHS, YOUR PAST DUE BENEFITS WILL NOT BE REDUCED.

AFTER WE DECIDE HOW MUCH YOUR PAST DUE BENEFITS SHOULD BE, WE WILL SEND YOU ANOTHER NOTICE AND ANY BENEFITS YOU ARE DUE.

BECAUSE OF A CHANGE IN THE LAW, YOUR REGULAR PAYMENT WILL BE ROUNDED DOWN TO THE DOLLAR EVEN THOUGH YOUR MONTHLY BENEFIT OF RECORD MAY BE IN DOLLARS AND CENTS.

BASED ON THE INFORMATION GIVEN TO US, YOU WERE BORN ON JULY 11, 1923.

SEE ATTACHED

YOU HAVE CERTAIN RIGHTS WITH RESPECT TO THIS OVERPAYMENT AND ITS RECOVERY.

1. RIGHT TO APPEAL: IF YOU DISAGREE IN ANY WAY WITH THIS OVER-PAYMENT DETERMINATION, YOU HAVE THE RIGHT, WITHIN 60 DAYS OF THE

1 ENCLOSURE: SSA-3105

SEE NEXT PAGE

This certifies that you (or the person(s) on whose behalf you applied), became entitled under the Social Security Act to the Social Security benefits shown.

Acting Commissioner of Social Security

[illegible] see other side for additional information

Form SSA-L30-C1 (10-83)
Destroy prior editions

2807

30 I 415-12-4474 D

DATE YOU RECEIVE THIS NOTICE, TO REQUEST THAT THE DETERMINATION BE RECONSIDERED. IF YOU REQUEST THIS INDEPENDENT REVIEW OF THE OVERPAYMENT DETERMINATION, PLEASE SUBMIT ANY ADDITIONAL INFORMATION YOU HAVE WHICH PERTAINS TO THE OVERPAYMENT.

2. RIGHT TO REQUEST WAIVER: YOU ALSO HAVE THE RIGHT TO REQUEST A DETERMINATION CONCERNING THE NEED TO RECOVER THE OVERPAYMENT. AN OVERPAYMENT MUST BE REFUNDED OR WITHHELD FROM BENEFITS UNLESS BOTH OF THE FOLLOWING ARE TRUE:

A. THE OVERPAYMENT WAS NOT YOUR FAULT IN ANY WAY; AND

B. YOU COULD NOT MEET YOUR NECESSARY LIVING EXPENSES IF WE RECOVERED THE OVERPAYMENT, OR RECOVERY WOULD BE UNFAIR FOR SOME OTHER REASON.

IF YOU REQUEST WAIVER, WE MAY NEED A STATEMENT OF YOUR ASSETS AND MONTHLY INCOME AND EXPENSES.
IF YOU REQUEST RECONSIDERATION AND/OR WAIVER WITHIN 30 DAYS, THE PLANNED WITHHOLDING OF YOUR BENEFIT TO RECOVER THE OVERPAYMENT WILL NOT TAKE PLACE UNTIL YOUR CASE IS REVIEWED. THIS REVIEW IS DESCRIBED IN MORE DETAIL ON THE ATTACHED FORM SSA-3105, IMPORTANT INFORMATION ABOUT YOUR APPEAL AND WAIVER RIGHTS. THE PEOPLE IN ANY SOCIAL SECURITY OFFICE WILL BE GLAD TO HELP YOU COMPLETE THE FORMS FOR REQUESTING RECONSIDERATION (SSA-561-U2, REQUEST FOR RECONSIDERATION) AND/OR WAIVER (SSA-632-F4, OVERPAYMENT RECOVERY QUESTIONNAIRE).

EVEN IF YOU DO NOT WANT TO REQUEST RECONSIDERATION OR WAIVER, PLEASE CALL, WRITE OR VISIT ANY SOCIAL SECURITY OFFICE IF THE PLANNED WITHHOLDING OF YOUR MONTHLY PAYMENT WOULD CAUSE HARDSHIP. PLEASE TAKE THIS LETTER WITH YOU IF YOU DO VISIT AN OFFICE. UNLESS WE HEAR FROM YOU WITHIN 30 DAYS, WE WILL WITHHOLD YOUR PAYMENT AS SHOWN ABOVE.

THE CHANGE IN BENEFIT RATES IS DUE TO AMENDMENTS TO THE SOCIAL SECURITY ACT.

YOU ARE NOT ELIGIBLE FOR ANY TYPE OF BENEFIT OTHER THAN WHAT IS STATED ON THIS CERTIFICATE. ENTITLEMENT TO ANOTHER BENEFIT ON THIS OR ANY OTHER RECORD IN THE FUTURE REQUIRES A SEPARATE APPLICATION.

IF YOU BELIEVE THAT THIS DETERMINATION IS NOT CORRECT, YOU MAY REQUEST THAT YOUR CASE BE REEXAMINED. IF YOU WANT THIS RECONSIDERATION, YOU MUST REQUEST IT NOT LATER THAN 60 DAYS FROM THE DATE YOU RECEIVE THIS NOTICE. YOU MAY MAKE ANY SUCH REQUEST THROUGH ANY SOCIAL SECURITY OFFICE. IF ADDITIONAL EVIDENCE IS AVAILABLE, YOU SHOULD SUBMIT IT WITH YOUR REQUEST.

IF YOU HAVE QUESTIONS ABOUT YOUR CLAIM, YOU MAY GET IN TOUCH WITH ANY SOCIAL SECURITY OFFICE. MOST QUESTIONS CAN BE HANDLED BY TELEPHONE OR MAIL. IF YOU VISIT AN OFFICE, HOWEVER, PLEASE TAKE THIS NOTICE WITH YOU.

Additional information about your claim

Son Graduated 1969 Darell's

415-12-4474-D

YOU ARE ENTITLED TO A LUMP-SUM DEATH PAYMENT OF $255.00. HOWEVER, SINCE YOU ARE OVERPAID $346.50 AND LIABLE FOR DARELL'S PRIOR OVERPAYMENT OF $346.50, WE HAVE USED THE LUMP-SUM DEATH PAYMENT TO REDUCE THIS OVERPAYMENT TO $438.00. WE WILL RECOVER THIS AMOUNT FROM ANY RETROACTIVE BENEFITS DUE AFTER WE DETERMINE THE AMOUNT OF SUPPLEMENTAL SECURITY PAYMENTS YOU WERE PAID.

WE ARE INVESTIGATING THE POSSIBILITY OF AN EARLIER DATE OF ENTITLEMENT FOR YOU ON THIS RECORD. WHEN A DETERMINATION IS MADE, IF ANY ADDITIONAL BENEFITS ARE PAYABLE, WE WILL TAKE ANY NECESSARY ACTION AND YOU WILL BE NOTIFIED.

Department of Health and Human Services
Social Security Administration
No. 800 (1-74)

Social Security
Notice of Reconsideration

From: Department of Health and Human Services
Social Security Administration

Date: 02/27/84

Aleen C Cook
4124 S Bernard Rd
Joelton TN 37080

Claim Number: 415-12-4474

Claim for

- ☐ Disability Insurance Benefits
- ☒ Disabled Widow, Widower Benefits
- ☐ Childhood Disability Benefits

Upon receipt of your request for reconsideration we had your claim independently reviewed by a physician and disability examiner in the State agency which works with us in making disability determinations. The evidence in your case has been thoroughly evaluated; this includes the medical evidence and the additional information received since the original decision. We find that the previous determination denying your claim was proper under the law. The reverse of this notice identifies the legal requirements for your type of claim.

If you believe that the reconsideration determination is not correct, you may request a hearing before an administrative law judge of the Office of Hearings and Appeals. If you want a hearing, you must request it not later than 60 days from the date you receive this notice. You may make your request through any social security office. Read the enclosed leaflet for a full explanation of your right to appeal.

If you do not request a hearing of your case within the prescribed time period, you still have the right to file another application at any time.

If you have questions about your claim, you should get in touch with any social security office. Most questions can be handled by telephone or mail. If you visit an office, however, please take this letter with you.

Enclosure:
SSA Pub. No. 70-10282

Exhibit 6
Page 2 of 2

Important: See other side for additional information

Form SSA-L928-U2 (8-80)
Prior editions may be used until supply is exhausted

2830

Social Security Benefit Information

FROM: SOUTHEASTERN PROGRAM SERVICE CENTER
BIRMINGHAM, ALABAMA 35285

returned is dead letter (address slip)

DATE: APRIL 6, 1984

ALEEN C COOK
4124 S BERNARD RD
~~NASHVILLE TN~~ Joelton Tenn. 37080

CLAIM NUMBER: 415 12 4474 D

THE BENEFITS PAYABLE ON THIS SOCIAL SECURITY RECORD HAVE BEEN ADJUSTED.

AS WE PREVIOUSLY NOTIFIED YOU WE ARE USING THE $78.00 PAYABLE AFTER SUPPLEMENTAL SECURITY INCOME OFFSET TO RECUDE YOUR'S AND DARRELL'S OVERPAYMENTS TO $360.00.

IN AN EARLIER NOTICE WE TOLD YOU THAT WE WCULD REDUCE YOUR SOCIAL SECURITY BENEFITS FOR 12/83 THROUGH 01/84 IF YOU HAD RECEIVED SUPPLEMENTAL SECURITY INCOME PAYMENTS FOR THIS PERICD. WE HAVE REVIEWED YOUR CLAIM AND HAVE DETERMINED THAT YCUR SCCIAL SECURITY BENEFITS MUST BE REDUCED BY $628.00. WE WILL SEND YOU A CHECK SOON FOR $78.00, THE BALANCE OF THE SOCIAL SECURITY BENEFITS WE WITHHELD.

WE REDUCED YOUR SOCIAL SECURITY BENEFITS BECAUSE YOU RECEIVED SUPPLEMENTAL SECURITY INCCME PAYMENTS FOR 12/83 THRCUGH 01/84. YOUR SUPPLEMENTAL SECURITY INCCME PAYMENTS FCR THIS PERICD WCULD HAVE BEEN $628.00 LESS IF YOUR SOCIAL SECURITY BENEFITS HAD BEEN PAID WHEN THEY WERE REGULARLY DUE.

YOU SHOULD REFUND THIS OVERPAYMENT WITHIN 30 DAYS. PLEASE MAKE YOUR CHECK OR MONEY CRDER PAYABLE TC "SOCIAL SECURITY ADMINISTRATION," AND SEND IT TO US IN THE ENCLOSED ENVELOPE. ALWAYS INCLUDE YOUR CLAIM NUMBER (AS INDICATED ABOVE) ON THE CHECK OR MONEY ORDER.

IF WE DO NOT RECEIVE YOUR REFUND WITHIN 30 DAYS, WE PLAN TO RECOVER THE OVERPAYMENT BY WITHHOLDING YCUR FULL BENEFIT EACH MONTH BEGINNING WITH THE PAYMENT YCU WOULD NORMALLY RECEIVE ABOUT 06/03/84. WE WILL CONTINUE TO WITHHOLC YOUR BENEFIT UNTIL THE OVERPAYMENT HAS BEEN FULLY RECCVERED.

SEE NEXT PAGE

1 ENCLOSURE: REFUND ENV.

Important: See Other Side for an explanation of your appeal rights and other information. ▶

Social Security Benefit Information

475 I 415-12-4474 C 2830

YOUR NEXT PAYMENT FOR $349.CO WILL INCLLDE BENEFITS DUE THRCUGH 04/84. AFTER THAT, YOU WILL RECEIVE YCUR REGULAR MCNTHLY CHECK FOR $349.00.

IF YOU HAVE QUESTIONS ABOUT YCUR CLAIM, YCL MAY GET IN TOUCH WITH ANY SOCIAL SECURITY OFFICE. MOST QUESTICNS CAN BE HANDLED BY TELEPHONE OR MAIL. IF YOU VISIT AN OFFICE, HOWEVER, PLEASE TAKE THIS NOTICE WITH YOU.

I

Important: See other side for an explanation of your appeal rights and other information. ▶

Department of Health and Human Services
Social Security Administration

Form SSA-L475-C1 (1-83)
Destroy prior editions

Birmingham, Alabama 35285

Date 4/29/84

Your Claim Number

ALEEN C COOK
4124 S BERNARD RD
NASHVILLE TN 37080

415-12-4474 D

Reason for action
RECOVERY ACTION
Type of action
DEFERRED PAYMENT

☑ As a result of the action being taken, benefit payments have been refigured as shown below. The amount shown in column 4, represents all benefits due on this claim through the month shown in column 5. You will then receive the amount shown in column 3 regularly each month.

☐ Benefit payments have been discontinued with the month shown in column 2 for the reason shown above.

☐ We have determined that you are entitled to the benefits shown below.

☐ As shown below, the next payment will be sent to you shortly. You will then receive the amount shown in column 3 regularly each month.

1. Additional payment information	2. Effective month	3. Regular monthly payment	4. Net amount of back payment	5. Next payment will pay amt. due you through month of
BASED ON PRIOR CORRESPONDENCE, BENEFITS WILL BE PAID AS FOLLOWS.	05/84	349.00	338.00	06/84

Note to Terminated Beneficiary:
Earnings for the entire year both before and after your benefits were stopped must be considered in determining whether you earned more than the allowable yearly limit. Please read the back of this notice for additional information on work and reporting.

Note to Terminated Mother/Father Beneficiary:
You are not entitled to widow(er)'s benefits because you are not age 60 or disabled and age 50.

Note to Terminated Wife Beneficiary:
You are not entitled to retirement benefits because you are not yet age 62.

Note to Student Beneficiary:
If your benefits are being stopped because we did not receive your student report and you filed a report with your school more than two weeks ago, please contact any Social Security office for assistance. DO NOT CONTACT YOUR SCHOOL IF YOU HAVE ALREADY FILED A REPORT.

If you have not completed your report you should do so IMMEDIATELY and take it to your school. If you need a report form, ask for one at any Social Security office. If you have taken the form to your school within the last two weeks, you needn't contact the Social Security office unless your next benefit check does not arrive on time.

Important: See other side for an explanation of your appeal rights and other information. ▶

Department of Health and Human Services
Social Security Administration

12-82 Edition may be used until supply is exhausted

LEGAL SERVICES OF MIDDLE TENNESSEE, INC.
1512 Parkway Towers
404 James Robertson Parkway, Nashville, Tennessee 37219 (615) 244-6610

April 19, 1984

Social Security Adminsitration
1720 West End Building
Nashville, Tennessee 37203

Re: Aleen C. Cook, SSN 415-12-4474

Dear Sir or Madam:

I represent Ms. Cook in her attempt to receive disabled widow's benefits. Please find enclosed, for your information, an appointment of representative form.

Enclosed is a waiver submitted in regards to the alleged overpayment of $693.00 which apparently occurred 15 years ago. Until the date of this notice, Ms. Cook had not received any indication from the Social Security Administration that she had been overpaid in 1969 when she received one check as a mother with a dependent child and one check as payee for her child.

It appears that Ms. Cook was not afforded her right to due process considering the facts surrounding this particular case. Ms. Cook did not have the opportunity to appeal the Social Security Administration decision to deduct the $255.00 lump sum death payment as an attempt to recover a portion of the alleged overpayment. This is particularly of concern since the alleged overpayment occurred 15 years prior to her being notified of such an overpayment.

Ms. Cook finds that she is presently in a financial bind because she must accept the widow's benefits on her deceased husband's account without benefit of medical insurance. Prior to her husband's death Ms. Cook survived on an SSI check with Medicaid coverage which paid her $149.00 monthly medication cost. The widow's benefit check is $35.00 more each than the Supplemental Security Income check. Thus, she has the same expenses, loses her medical insurance coverage and must incur the cost of her doctors' bills and buy her own monthly medication.

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Presently Ms. Cook has no idea how she will be able to meet the cost of her medical care as needed.

Ms. Cook contends that the overpayment was not her fault and that she only received one check for herself and one check for her son prior to her son turning 18 in 1969. Ms. Cook was not told a marriage prior to 18 years of age would disqualify her and her son for benefits. She believed the checks were for past months while her estranged husband's claim was on appeal.

Ms. Cook requests that the Social Security Administration grant the waiver of overpayment based on the fact that she meets both requirements for waiver. Ms. Cook also requests that the Social Security Administration refund all of the funds deducted from her benefits to recover the overpayment because she was not given the opportunity to appeal the action, and that the overpayment occurred 15 years prior to her being notified by the Social Security Administration.

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

Jackie A. Beery-Day

Jackie A. Beery-Day,
Paralegal Advocate

JB-D:bt

enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION

TOF 720

FORM APPROVED
OMB NO. 0960-0037

OVERPAYMENT RECOVERY QUESTIONNAIRE

SOCIAL SECURITY CLAIM NUMBER
415-12-4474

NAME OF OVERPAID PERSON(S)	NAME OF INSURED INDIVIDUAL
ALEEN C. COOK	THOMAS E. COOK

Privacy Act Notice: If an overpayment has been made, the Social Security Administration (SSA) is required by law* to recover such amount unless recovery of the overpayment may be waived. Recovery of an overpayment may be waived only if you are not at fault in connection with the overpayment AND recovery would deprive you of income necessary to meet your ordinary living expenses or would be otherwise unfair. The information requested on this form is authorized by law and will enable SSA to determine whether recovery may be waived. If SSA determines that recovery may not be waived, the financial information on this form may be important in establishing the rate of recovery or the extent of the recovery efforts. Disclosure of information requested on this questionnaire is voluntary, but failure to provide the information requested may result in a denial of your request for waiver, and, if SSA is unable to recover the overpayment, it may be necessary to report the overpayment to the General Accounting Office for further collection effort.

The information you furnish on this form may be disclosed by SSA to another person or to another government agency for the following purposes:

1) to assist SSA in establishing the right of an individual to social security or black lung benefits and/or the amount thereof;
2) to facilitate statistical research and audit activities necessary to assure the integrity and improvement of the programs administered by SSA; and
3) to comply with Federal laws requiring the exchange of information between SSA and another agency (such as the General Accounting Office).

* Sections 204, 1631(b), and 1870 of the Social Security Act, as amended (42 United States Code 404, 1383, and 1395gg) and section 413(b) of the Federal Coal Mine Health and Safety Act of 1969, as amended (30 United States Code 923(b)).

PART I - WITHOUT FAULT STATEMENT

(To be completed by all applicants for waiver)

1. Explain fully why you thought the incorrect payment was due you and why the overpayment was not your fault.

I had never received instructions from Social Security. My husband and I had been seperated fro four (4) years. Prior to my son and I receiving the lump sum payment, I, nor my son ever received monthly chekcs after the lump sum. My husband applied separately from us. I only went to Social Security three (3) years prior to receiving benefits to take my son's birth certificate.

2. Did you report the change which affected your monthly payment? ☐ Yes ☒ No

IF "YES" WHEN DID YOU REPORT? *(Give date)*

IF "NO" WHY DIDN'T YOU REPORT?

Presently I have learned that my son's marriage is the cause of the overpayment. I did not know that this would affect the lump sum payment.

3. If you are overpaid because of your earnings, what did you do to limit your earnings?

N/A

4. When were the conditions under which you could receive payments first explained to you?

Never. I got the lump sum payment. Then I received a letter saying my son's eighteenth (18th) birthday would prohibit further monthly paymen

5. Do you NOW fully understand reporting responsibilities? ☒ Yes ☐ No
If "No," explain:

(Only as it applies to MY SSI payments)

PART II - REPRESENTATIVE PAYMENT MADE

(To be completed ONLY by a representative payee)

6. Give the name and present address of the person for whom you received payment:

Darrell C. Cook, Tine Bay Drive, Hendersonville, Tennessee

7. Were the incorrect payments used for this person? ☒ Yes ☐ No
Explain

Yes -

PART III - POSSESSION OF OVERPAYMENT

(To be completed by all applicants for waiver)

8. Do you have any of the incorrectly paid checks or payments in your possession? ☐ Yes ☒ No
If "Yes," show the total amount → $
THESE FUNDS SHOULD BE RETURNED TO SOCIAL SECURITY IMMEDIATELY.

9. Have you transferred by loan, gift, sale, etc. any property or cash since you were notified of the overpayment? ☐ Yes ☒ No
If "Yes," explain:

10. Have you been notified that you will receive an inheritance from a person who died recently? ☐ Yes ☒ No
If "Yes," explain:

PART V - REFUND QUESTIONNAIRE

(To be completed by the person for whom repayment of the overpayment would cause undue hardship)

11. LIST YOUR MONTHLY INCOME *(including any income of your spouse or any dependent relative living in the household with you)* from:	MONTHLY INCOME
Social Security benefits	$ 349.00
Supplemental Security Income payment	$ -0-
State or local welfare payment. Specify:	$ -0-
Other benefits, such as Veterans Administration, civil service, unemployment, Black Lung, railroad, private pension, etc. Specify:	$ -0-
Earnings *(take-home wages and average net earnings from self-employment.)* Specify:	$ -0-
Other income, such as dividends, interest, rentals, roomers or boarders, etc. Specify:	$ -0-
TOTAL MONTHLY INCOME	$ 349.00

12. Do you support, either fully or in part, anyone other than yourself? ☐ Yes ☒ No
If "Yes," give the following information about each person you support:

NAME	ADDRESS	AGE	RELATIONSHIP TO YOU (IF NONE, ENTER "NONE.")
			N/A

13. LIST THE USUAL EXPENSES OF YOUR HOUSEHOLD ON A MONTHLY BASIS:		MONTHLY PAYMENT
Rent or mortgage, including property tax	(mortgage)	$ 83.11
Food		$ 120.00
Clothing		$ -0-
Utilities *(electricity, gas, fuel, telephone, water)*	Telephone = $17.00 Water-$6.00, Heat-$58.00	$ 81.00
Miscellaneous household expenses *(repairs, cleaning supplies, etc.)*		$ -0-
Insurance *(life, automobile, medical, household, etc.)*	$13.50/quarterly	$ 4.50
Medical and dental care *(not covered by insurance)*	(See Attached) Medicine/monthly	$ 149.50
Automobile expenses *(gas, oil, maintenance)* or other transportation costs	Trips to doctors	$ 5.00
Other expenses *(such as newspapers, barber, toilet articles, etc.)* Specify:		$ 5.00

Other debts being paid by monthly installments:

CREDITOR	AMOUNT OWED	MONTHLY PAYMENT
Medicaid has always paid my monthly medicine bills. I have no idea how I am going to survive or get my medicine. I may have to charge the $149.50 at the drugstore if I can	$	$
	$	$
	$	$
TOTAL MONTHLY EXPENSES		$ 425.30

14. (a) Not counting your home, family automobile, or household furnishings, do you or your spouse own any valuable property or real estate? ☐ Yes ☒ No

If "Yes," specify and give current market value. If mortgage, show amount of mortgage.

(b) List the amount of any funds you have *(including those of your spouse, if you live with your spouse)*:

Cash on hand	$ -0-
Checking account balance	$ -0-
Name and address of financial institution(s):	
Savings account balance	$ -0-
Name and address of financial institution(s):	
Current value of any stocks and bonds	$ -0-
Name of stocks and bonds you have:	
Other personal property valued at more than $500 or trust funds?	$ -0-
Explain:	
TOTAL	$

REMARKS:

I cut back on food if I have to have shoes, pay for gas to the doctor, etc. or I don't pay my phone bill for a month so I can buy shampoo.

I know that anyone who makes or causes to be made a false statement or representation of material fact in an application or for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal law and/or State law. I affirm that all information I have given in this document is true.

SIGNATURE OF OVERPAID PERSON OR REPRESENTATIVE PAYEE

SIGNATURE (First name, middle initial, last name) (Write in ink)

SIGN HERE ▶ Alecia C. Cook

DATE (Month, day, year) 4-16-84

TELEPHONE NUMBER 876-2374

MAILING ADDRESS (Number and street, Apt. No., P.O. Box, or Rural Route)

4124 South Elmwood Court

CITY AND STATE: Hot Springs Ark | ZIP CODE: 71901 | ENTER NAME OF COUNTY (IF ANY) IN WHICH YOU NOW LIVE: Garland

Witnesses are required ONLY if this statement has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the individual must sign below, giving their full addresses.

1. SIGNATURE OF WITNESS	2. SIGNATURE OF WITNESS
ADDRESS (Number and street, City, State, and ZIP Code)	ADDRESS (Number and street, City, State, and ZIP Code)

SOCIAL SECURITY ADMINISTRATION'S FORMS AND CONTACT NOTES PERTAINING TO MS. COOK'S CLAIM

This section contains the following:

1. Medical History and Disabiltiy Report, dated 12/1/83 (6 pages).
2. Vocational Report, dated 12/8/83 (3 pages).
3. Report of Contact, dated 12/14/83*

* This report documents that Mrs. Cook became quite upset when she was informed that she would lose her SSI if she did not file for disabled widow's benefits.

4. Residual Functional Capacity Assessment (Mental Capacities Evaluation and Assessment), dated 1/12/84 (3 pages).
5. Report of Contact (A form used to document that the Social Security Administration had considered conducting a continuing disability investigation [CDI] in the case of Mrs. Cook.)
6. Letter from Mrs. Cook to the Social Security Administration upon denial of disability benefits, dated 1/19/84 (6 pages).
7. Request for Reconsideration, dated 1/25/84 (1 page).
8. Reconsideration Disability Report, dated 1/25/84 (5 pages).
9. Disability Determination Rationale, dated 2/27/84 (1 page).
10. Request for Hearing, dated 3/2/84 (1 page).
11. Claimant's Statement When Request for Hearing is Filed and the Issue is Disability, dated 3/2/84 (1 page).

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

2/1/83

MEDICAL HISTORY AND DISABILITY REPORT
WIDOW, WIDOWER, SURVIVING DIVORCED WIFE, OR DISABLED CHILD

PLEASE PRINT, TYPE, OR WRITE CLEARLY AND ANSWER ALL ITEMS TO THE BEST OF YOUR ABILITY. If you are filing on behalf of someone else, enter his or her name and social security number in the space provided and answer all questions. COMPLETE ANSWERS WILL AID IN PROCESSING THE CLAIM. If a particular question or item does not apply to your claim show "N/A" (not applicable) in the space provided for the answer.

PRIVACY ACT NOTICE: The information requested on this form is authorized by Title 20 CFR 404.1512 and Title 20 CFR 416.912. The information provided will be used in making a decision on your claim. While completion of this form is voluntary, failure to provide all or part of the requested information could prevent an accurate or timely decision on your claim and could result in the loss of some benefits. Information you furnish on this form may be disclosed by the Social Security Administration to another person or governmental agency only with respect to social security programs and to comply with Federal laws requiring the exchange of information between Social Security and another agency.

PART I — IDENTIFYING INFORMATION

1. Print name of person on whose social security record this claim is being filed. *(First name, middle initial, last name)*	Enter his or her Social Security Number
Tommie C Cook	415 / 12 / 4474
2. Print your name *(disabled person)* *(First name, middle initial, last name)*	**Enter your Social Security Number**
Aleen C Cook	409 / 28 / 4531

PART II — INFORMATION ABOUT YOUR CONDITION AND TREATMENT

3A. What is your disabling condition? *(Briefly describe the disabling illness or injury.)*

Nervous problems; arthritis & Bursitis; hiatle hernia; heart trouble;

3B. When did you become disabled? →	MONTH	DAY	YEAR
	1	1	74

4A. Have you worked since you became disabled? ☐ YES ☒ NO

4B. If "yes," show the dates you worked and the amount of money you earned.

DATES	AMOUNTS

5. If you are no longer disabled, show the date you believe your disability ended →	MONTH	DAY	YEAR

If more space is needed, list the other agencies, their addresses, your claim numbers, dates, and treatment received in Part III.

6. List the name, address and telephone number of the doctor who has the latest medical records about your disabling condition. If you have no doctor, check here ☐

NAME: Doctors at St Thomas Medical Clinic
ADDRESS: Harding Road Nashville Tn 37205
TELEPHONE NUMBER (include area code):

HOW OFTEN DO YOU SEE THIS DOCTOR? Every two wks
DATE YOU FIRST SAW THIS DOCTOR: 6 yrs ago
DATE YOU LAST SAW THIS DOCTOR: 11/83
REASONS FOR VISITS (show illness or injury for which you had an examination or treatment.)
Hiatle hernia –
TYPE OF TREATMENT OR MEDICINES RECEIVED. (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)
Medicines (tagamet); other medicine

7. Have you seen any other doctors since your disabling condition began? ☒ YES ☐ NO
If "yes", show the following:

NAME: W. E. Compwood
ADDRESS: 627 Ballatin Rd S Madison Tn 37115
TELEPHONE NUMBER (include area code): 615 – 865 – 9465
HOW OFTEN DO YOU SEE THIS DOCTOR? every 6-8 wks
DATE YOU FIRST SAW THIS DOCTOR: abt 6 yrs ago
DATE YOU LAST SAW THIS DOCTOR: abt 10/83
REASON FOR VISITS (show illness or injury for which you had an examination or treatment.)
nerves
TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)
medicine

If you have seen other doctors since your illness began, list their names, addresses, dates and reasons for visits in Part III.

8. Have you been hospitalized or treated at a clinic for your disabling condition? ☒ YES ☐ NO
If "yes", show the following:

NAME OF HOSPITAL OR CLINIC: Dr. Jerry Hunt
ADDRESS: 610 W Due West Madison Tn 37115
PATIENT OR CLINIC NUMBER:

Were you an inpatient (Stayed at least overnight?) ☐ NO ☐ YES If "yes", show:
DATES OF ADMISSIONS:
DATES OF DISCHARGES:
Were you an outpatient? ☐ NO ☒ YES If "yes", show:
DATE OF VISITS: 1974 to Present

REASON FOR HOSPITALIZATION OR CLINIC VISITS (show illness or injury for which you had an examination or treatment.)
Arthritis & Bursitis
TYPE OF TREATMENT OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)
Medicine

If you have been in other hospitals or clinics for your illness or injury, list the names, addresses, patient or clinic numbers, dates and reasons for hospitalization or clinic visits in Part III.

9. Have you been seen by other agencies for your disabling condition? (VA, Workmen's Compensation, Vocational Rehabilitation, Welfare, etc.) If "yes" show: ☐ YES ☐ NO

NAME OF AGENCY:
ADDRESS OF AGENCY:
YOUR CLAIM NUMBER:
DATES OF VISITS:
TYPE OF TREATMENT, EXAMINATION, OR MEDICINES RECEIVED (such as surgery, chemotherapy, radiation, and the medicines you take for your illness or injury, if known. If no treatment or medicines, show "NONE".)

10. Have you had any of the following tests in the last year?

TEST	CHECK APPROPRIATE BLOCK OR BLOCKS	If "Yes", show: WHERE DONE	WHEN DONE
Electrocardiogram	☐ NO ☒ YES	St Thomas	11/83
Chest X-Ray	☐ NO ☒ YES	St Thomas	11/83
Other X-Ray (Name the body part here) Colon Barium	☐ NO ☒ YES	St Thomas	11/83
Breathing Tests	☒ NO ☐ YES		
Blood Tests	☐ NO ☒ YES	St Thomas	11/83
Other (Specify) Test on Pancreas	☐ NO ☒ YES	St Thomas	11/83

11. If you have a Medicaid card, what is your number (some hospitals and clinics file your records by your Medicaid number) N/A

970088 6517

12A. Give the name(s) and address(es) of any school(s) where you received special training or attended special classes. Also, show the dates you attended such school(s). If you did not attend any such school or classes show "None."

NAMES AND ADDRESSES OF SCHOOLS	DATES ATTENDED
none	

12B. What is the highest grade you completed in school? HIGHEST GRADE COMPLETED 7

13. Daily Activities - Describe what you do in a typical day. For example, describe your household duties, recreational activities, your social contacts with other people, etc. Also describe any help you receive from others in a typical day.

I really don't do nothing. Every dish in house gets dirty then I'll wash a few to eat off of.

I just let things go. I barely can get to grocery etc.

PART III — REMARKS

Use this section for additional space to answer any previous questions and to provide any additional information that you think will be helpful in making a decision on your disability claim. Please refer to the previous questions by number.

PART IV — AUTHORIZATION AND NOTIFICATION STATEMENTS

I authorize any physician, hospital, agency, or other organization to disclose to the Social Security Administration or to the State Agency that may review my claim or continuing disability, any medical records or other information about my disability.

I agree to notify the Social Security Administration if my medical condition improves or I go to work.

I know that anyone who makes a false statement or representation of a material fact in an application or for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal Law. I affirm that the above statements are true.

SIGNATURE OF CLAIMANT OR PERSON FILING ON THE CLAIMANT'S BEHALF (First name, middle initial, last name)	DATE (Month, Day, Year)
Aleen C. Cook	12/1/83
	TELEPHONE NUMBER(S) at which you may be contacted during the day (include area code): 615-876-2374

MAILING ADDRESS (Number and Street, Apt. No., P. O. Box, or Rural Route)

4124 S Bernard Rd

CITY AND STATE	ZIP CODE	ENTER NAME OF COUNTY (if any) IN WHICH YOU NOW LIVE
Joelton Tn	37052	Davidson

Witnesses are required ONLY if this statement has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person making the statement must sign below, giving their full addresses.

1. SIGNATURE OF WITNESS	2. SIGNATURE OF WITNESS
ADDRESS (Number and Street, City, State, and Zip Code)	ADDRESS (Number and Street, City, State, and Zip Code)

DETACH THIS PAGE

PART V — FOR SSA USE ONLY — DO NOT WRITE BELOW THIS LINE

NAME OF CLAIMANT	CLAIM NUMBER
Aleen C Cook	415-12-4474 D

14A. Was claimant ever or is now entitled to any type of monthly social security benefits?

☑ YES (If "yes", answer B, C, D and E) ☐ NO (If "no", go on to item 15.)

14B. ENTER NAME OF PERSON ON WHOSE SOCIAL SECURITY RECORD CLAIMANT FILED OTHER APPLICATION.	14C. ENTER SOCIAL SECURITY NUMBER OF PERSON NAMED IN B (If unknown, so indicate)
Tommie C Cook	415-12-4474

14D. WHAT KIND OF BENEFITS DID OR DOES CLAIMANT RECEIVE? (For example, widow's, mother's, disabled child's)	14E. ENTER MONTH AND YEAR BENEFITS ENDED OR WILL END	
	MONTH	YEAR
Widows	Will be entitled to Ctd Continuing	

15. Check any of the following categories which apply to this case:

Presumptive Disability or Blindness Considerations
(If any of these boxes are checked, DO's (and DDS's) should be alert to the possibility of a presumptive disability or blindness decision in SSI claims per DI 00404.210 and DI 21525)

A ☐ Amputation of two limbs

B. ☐ Amputation of a leg at the hip

C ☐ Allegation of total deafness

D ☐ Allegation of total blindness

E. ☐ Allegation of bed confinement or immobility without a wheelchair, walker, or crutches, allegedly due to a longstanding condition - exclude recent accident and recent surgery.

F. ☐ Allegation of a stroke (cerebral vascular accident) more than 3 months in the past and continued marked difficulty in walking or using a hand or arm

G. ☐ Allegation of cerebral palsy, muscular dystrophy or muscular atrophy and marked difficulty in walking (e.g., use of braces), speaking or coordination of the hands or arms

H ☐ Allegation of diabetes with amputation of a foot

I. ☐ Allegation of Down's Syndrome (Mongolism).

J. ☐ An applicant filing on behalf of another individual alleges severe mental deficiency for claimant who is at least 7 years of age. The applicant alleges that the individual attends (or attended) a special school, or special classes in school, because of his mental deficiency, or is unable to attend any type of school (or if beyond school age was unable to attend), and requires care and supervision of routine daily activities.

K. ☐ Allegation of renal disease requiring dialysis on a regularly scheduled basis.

16. Does the claimant speak English?	LANGUAGE(S)
☑ YES ☐ NO (If "no", what language does he or she speak?)	

17. Does the claimant need assistance in prosecuting his or her claim? ☐ YES ☑ NO
(If "yes", show name, address, relationship and telephone number of interested party willing to assist claimant.)

NAME	ADDRESS	RELATIONSHIP	TELEPHONE NUMBER (area code)

18. Is capability development by the DDS necessary? ☐ YES ☑ NO
(If "yes", show "DDS Capability Development needed" in item 11 of the SSA-831-U5.)

FORM SSA-3820-F6 (1-82)

19A. Check each item to indicate if any difficulty was observed:

Reading	☐ Yes	☐ No	Using Hands	☐ Yes	☑ No
Writing	☐ Yes	☑ No	Breathing	☐ Yes	☑ No
Answering	☐ Yes	☑ No	Seeing	☐ Yes	☑ No
Hearing	☐ Yes	☑ No	Walking	☐ Yes	☑ No
Sitting	☐ Yes	☑ No			
Understanding	☐ Yes	☑ No	Other (Specify):		

19B. If any of the above items were checked "yes," describe the exact difficulty involved:

She seems very nervous and will talk on and on. She answers with extended explanations on all questions

(draws SSI disability now)

PRESCRIBED PERIOD — COMPLETE IN ALL CASES EXCEPT DISABLED CHILD CASES.

20A. Beginning date *(fill in all applicable dates, check latest)*	MONTH
☑ W/E's death	10/9/83
☐ Last month of previous entitlement to Disabled Widow(er) benefits	
☐ Last month of entitlement to Mother's benefits	

20B. Ending date *(fill in dates, check earliest)*	MONTH
☐ If filing for monthly benefits, the month before the month widow(er) attains age 60 (over age 60)	NA
☑ If filing for Medicare only, the month before the month widow(er) attains age 65	June 1989
☐ Eighty-four months (7 years) following the beginning date checked in 20A.	NA

21. Controlling date for development of medical evidence — DWB case →	MONTH	DAY	YEAR
	05	01	83

22. Medical Development — Initiated by District or Branch office

SOURCE	DATE REQUESTED	DATE(S) OF FOLLOW-UP	CAPABILITY DEVELOPMENT REQUESTED

23. DO curtailed completion of items 12 and 13 per DI 00403.105 (DH 2019). ☐ Yes ☑ No

24. Is development of work activity necessary? ☐ Yes ☑ No
If "yes", is an SSA-820-F4 or SSA-821-F4 ☐ Pending ☐ In File

25. SSA-3820-F6 taken by: ☑ Personal Interview ☐ Telephone ☐ Mail

26. Form supplemented ☐ Yes ☑ No
If "yes" by: ☐ Personal Interview ☐ Telephone ☐ Mail

Signature of DO or BO Interviewer or Reviewer	TITLE	DATE
F Hollister	CR	12/1/83

FORM SSA-3820-F6 U-4B

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION

Form Approved
OMB No. 72-R1042

12/3/83

VOCATIONAL REPORT

This report supplements the Disability Report (Form SSA-3368) by requesting additional information about your past work experience. PLEASE PRINT, TYPE, OR WRITE CLEARLY AND ANSWER ALL ITEMS TO THE BEST OF YOUR ABILITY. If you are filing on behalf of someone else, enter his or her name and social security number in the space provided and answer all questions. COMPLETE ANSWERS WILL AID IN PROCESSING THE CLAIM.

Privacy Act Notice: The information requested on this form is authorized by Title 20 CFR 404.1523 and Title 20 CFR 416.923. The information provided will be used to further document your claim. Information requested on this form is voluntary, but failure to provide all or any part of the requested information may affect the determination of your claim. Information you furnish on this form may be disclosed by the Social Security Administration to another person or governmental agency only with respect to social security programs and to comply with Federal laws requiring the exchange of information between Social Security and another agency.

A. Name of Claimant	B. Social Security Number	C. Telephone number where you can be reached:
ALL EMPLOYMENT SINCE 1966 Aleen Cook	415-12-4474	876-2374

PART I — INFORMATION ABOUT YOUR WORK HISTORY

1. List the job or jobs you have had in the last 15 years before you stopped working. (If you have a 6th grade education or less, AND performed only heavy unskilled labor for 35 years or more, list the job or jobs you have had *since you began to work. If you need more space, use Part III.)*

	JOB TITLE (Be sure to begin with your usual job)	TYPE OF BUSINESS	DATES WORKED (Month and Year) FROM	TO	DAYS PER WEEK	RATE OF PAY (Per hour, day, week, month or year)
1	Bordeaux intro	Hospital Unit	[illegible]	1969	5	
2	Hospital		[illegible]	1969		
3						
4						
5						
6						
7						
8						
9						
10				DEC 09 1983		
11						
12						

Form SSA-3369 F6 (5-79) Prior Editions May Be Used Until Supply Is Exhausted

PART II — INFORMATION ABOUT YOUR JOB DUTIES

2. Provide the following information (on pages 2-5) for each of the jobs listed in Part I starting with your usual job: Note: If you listed just one job in Part I, complete only page 2.

Job Title (from Part I):

Hospital Aid at Bordeaux Metro Hospital

A. In your job did you:

• Use machines, tools, or equipment of any kind?	☐ Yes	☒ No
• Use technical knowledge or skills?	☐ Yes	☒ No
• Do any writing, complete reports, or perform similar duties?	☐ Yes	☒ No
• Have supervisory responsibilities?	☐ Yes	☒ No

B. Describe your basic duties (explain what you did and how you did it) below. Also, explain all "Yes" answers by giving a FULL DESCRIPTION of: the types of machines, tools, or equipment you used and the exact operation you performed; the technical knowledge or skills involved; the type of writing you did, and the nature of any reports; and the number of people you supervised and the extent of your supervision:

Take care of all kinds of cripples & elderly people. Feed them, wash them, lift them, take them to the toilet, most anything had to be done for them. Kind of people, mostly elderly people. Could turn to bathroom or clean them the ones couldn't go to the bathroom.

C. Describe the kind and amount of physical activity this job involved during a typical day in terms of:

- **Walking** (circle the number of hours a day spent walking) — 0 1 2 3 4 5 6 7 (8)
- **Standing** (circle the number of hours a day spent standing) — 0 1 2 3 4 5 6 7 (8)
- **Sitting** (circle the number of hours a day spent sitting) — 0 1 2 3 4 5 6 7 8
- **Bending** (circle how often a day you had to bend) — Never - Occasionally (Frequently) Constantly
- **Reaching** (circle how often a day you had to reach) — Never - Occasionally (Frequently) Constantly
- **Lifting and Carrying:** Describe below what kind of objects or material was lifted, how much it weighed, how many times a day you lifted this material, and how far you carried it:

Lifting patients in and out of chairs.

PART III — REMARKS

Use this section for any other information you may want to give about your work history, or to provide any other remarks you may want to make to support your disability claim:

(If you need more space, use separate sheets of paper.)

Knowing that anyone making a false statement or representation of a material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal law, I certify that the above statements are true.

NAME (SIGNATURE OF CLAIMANT OR PERSON FILING ON THE CLAIMANT'S BEHALF)

SIGN HERE ▶ Alice E. Cook DATE Dec. 8, 1983

Do not write below this line

SSA-3369 TAKEN BY	FORM SUPPLEMENTED: ☐ YES ☐ NO If "Yes," by	
☐ PERSONAL INTERVIEW ☐ TELEPHONE ☐ MAIL	☐ PERSONAL INTERVIEW ☐ TELEPHONE ☐ MAIL	
SIGNATURE OF INTERVIEWER OR REVIEWER	TITLE *(also check office)*	DATE
David Frese	☒ DDS ☐ DO ☐ BO	12-05-83

Form SSA-3380 F6 (5-79)

U.S. G.P.O. 1980-311-289/242

12/14/83

REPORT OF CONTACT
(Use ink or typewriter)

ACCOUNT NUMBER AND SYMBOL: 415-13-4474

TO: NS MAT SE CL TRI MAN
000 800 005

NAME OF WAGE EARNER OR SE PERSON: Alan Cook

PERSON(S) CONTACTED AND ADDRESS: X WE OR SE PERSON ☐ OTHER (Specify)

CONTACT MADE: ☐ DO ☐ BO ☐ CS ☐ HOME ☒ PHONE: ☐ OTHER

DATE OF CONTACT: 12/14/83

SUBJECT

Claimant telephoned SA about some confusion about having to apply for DCWB. She states the DO originally told her there was not need for her to come in till [redacted], it was convenient for her to apply for DCWB. When she did go to the DO she became upset when she was informed she had to apply for DCWB or her SSI would be closed.

She could not understand why she had to go for CWB. She explained SSA did not have her SSI file and had to update her medical records. She appeared to understand.

She rambled at length about the above and about her condition. She appeared to be nervous and upset but was trying to cooperate. [redacted] She said she has been "all torn up" She has C.E. notes. This call took about 25 min.

SIGNATURE: D. Reese

DISTRICT OFFICE (Name, Address & Code): Eaton

☐ CR ☐ FO ☐ BR ☐ CLAIMS CLERICAL ☒ OTHER (Specify) CRANK

DATE OF SURVEY: 12/14/83

PAGE 16 .8 .1

Form SSA-3060 (8-81) Prior editions obsolete

USE BACK FOR ADDITIONAL COMMENTS

1/12/84

RESIDUAL FUNCTIONAL CAPACITY ASSESSMENT

NAME	SSN
Aileen Cooke	415-12-4474

NOTICE — Conclusions of functional capacity MUST be based on the documented symptoms, signs, and laboratory findings which are attributable to established impairment(s). The clinical basis for judgments of functional limitation or capacity MUST be identified.

ASSESSMENT IS FOR:
☒ Current Evaluation ☐ 12 Mo. After Onset. _____ (DATE)
☐ Date Last Insured: _____ (DATE)

☐ NO PHYSICAL IMPAIRMENT — REFER TO MENTAL CAPACITIES ASSESSMENT (Page 3)

I. PHYSICAL CAPACITIES ASSESSMENT

A. Basic Strength Factors (Items 1 - 6):

☐ UNLIMITED

☐ LIMITED, BUT RETAINS MAXIMUM CAPACITIES TO:

1. LIFT (including upward pulling) and/or CARRY:
   ☐ 10 lbs. ☐ 20 lbs. ☐ 50 lbs. ☐ 100 lbs. or More
2. FREQUENTLY LIFT and/or CARRY:
   ☐ 10 lbs. ☐ 25 lbs. ☐ 50 lbs. or More
3. OCCASIONALLY LIFT and/or CARRY:
   ☐ LESS than 10 lbs. (e.g., files, ledgers, small tools, etc.)
4. STAND and/or WALK a TOTAL of:
   ☐ LESS than ABOUT 6 hrs. (If marked limitation, explain)
   ☐ ABOUT 6 hrs. (Per 8-hr. day)
5. SIT a TOTAL of:
   ☐ LESS than about 6 hrs.
   ☐ ABOUT 6 hrs. (Per 8 hr. day
6. PUSH and/or PULL (Including hand/or foot controls):
   ☐ UNLIMITED
   ☐ LIMITED (Describe degree of limitation)

B. Other Physical Factors

	Frequently	Occasionally	Never
1. Climbing	☐	☐	☐
2. Balancing	☐	☐	☐
3. Stooping	☐	☐	☐
4. Kneeling	☐	☐	☐
5. Crouching	☐	☐	☐
6. Crawling	☐	☐	☐

	Unlimited	Limited
7. Reaching	☐	☐
8. Handling	☐	☐
9. Fingering	☐	☐
10. Feeling	☐	☐
11. Seeing	☐	☐
12. Hearing	☐	☐
13. Speaking	☐	☐

14. Environmental Restrictions (e.g., heights, machinery, temperature extremes, dust, fumes, humidity, vibration, etc.):
   ☐ None ☐ Yes (Describe in I.C.)

C. Briefly describe in what ways the impaired activities (Items 7 - 14 ONLY) are limited:

[illegible] 21 [illegible]3

☐ Continued on page 2

1/12/84

QED — MEDICAL CONSULTANT STAFF - PSYCHIATRIC REVIEW

APPLICANT'S NAME: Allen Cook

Card Code "P": P

Review Status: Initial - 1, Return - 2: [2]

SOCIAL SECURITY NUMBER: 241 51 2446 4

S.A. CODE: 4 2 4 0

A. EFFECTIVE INTELLIGENCE:

1. Verbal (Comprehension, reasoning ability, etc.)	2
2. Manual (Aptitude for skilled labor)	2
3. Organicity (Impairment of functioning)	1
Overall Degree of Impairment in this Area:	2

B. AFFECTIVE STATUS:

1. Anxiety/Tension (Overt only; do not infer)	2
2. Depression (Overt only; do not infer)	3
3. Phobia (s) (do not infer)	1
4. Psychophysiological Disturbance (s)	2
5. Conversion Symptomatology	1
6. Suicidal/Homicidal Thought or Behavior	1
Overall Degree of Impairment in this Area:	3

C. REALITY CONTACT:

1. Delusions	1
2. Hallucinations	2
3. Paranoid Tendencies	1
4. Confusion (non-organic)	1
5. Hyperactivity/Excitement	1
6. Mood Swings/Emotional Lability	2
7. Emotional Withdrawal/Seclusiveness	3
8. Bizarre, Unusual Behavior	1
Overall Degree of Impairment in this Area:	3

D. TOTAL PSYCHIATRIC IMPAIRMENT RATING 4

RFC

Emily % Williams, M.D.

MEDICAL CONSULTANT SIGNATURE: Brad Williams M.D. DATE: Jan 12, 1984 PHYSICIAN NUMBER:

Form SSA-2506-U4 (8-81)
Prior editions may be used until supply is exhausted

WHITE - QED CODING, YELLOW - FOLDER, PINK - ORS, GOLD - MCS

☐ NO MENTAL IMPAIRMENT — REFER TO PHYSICAL CAPACITIES ASSESSMENT (Page 1)

II. MENTAL CAPACITIES ASSESSMENT (Complete ONLY for documented mental disorders)

A. Check the blocks representing the individual's ability to sustain the following mental activities and demands:

	Unlimited	Limited
1. Understand, remember, and carry out an extensive variety of technical and/or complex job instructions	☐	☒ Sig
2. Understand, remember, and carry out detailed but uncomplicated job instructions	☐	☒ Sig
3. Understand, remember, and carry out simple one- or two-step job instructions	☒	☐
4. Interact with supervisors and coworkers	☐	☒ many
5. Deal with the public	☐	☒ many
6. Maintain concentration and attention	☐	☒ many
7. Discuss any additionally identified mental function limitations in Section B.		

B. Briefly describe in what ways the mental functions and mental demands shown above as "limited" result in impaired capacity to perform the activities of work. Include discussion of the work-related effects of any additional mental function impairment not identified above.

Educational limitations (7th grade), low average intelligence, and depression would limit claimant to simple work. Her schizoid tendencies and somatization would affect interpersonal relations.

☐ Continued on page 4

C. Briefly identify the principal medical findings and symptoms or allegations for which the impaired capacities indicated in II.A and B. were concluded.

Claimant appears to have dysthymic disorder (moderate) with withdrawal from people and somatic preoccupation. Has been under treatment by psychiatrist for number of years so would not expect any improvement from current condition.

☐ Continued on page 4

PHYSICIAN'S SIGNATURE: Brad Miller MD | DATE: Jan 12, 1984

11/12/84

REPORT OF CONTACT
(Use ink or typewriter)

ACCOUNT NUMBER AND SYMBOL: 415-12-4474

TO: NE MAT SE GL WN MAN ODO DIO DDS

NAME OF WAGE EARNER OR SE PERSON: Aleen Cook

PERSON(S) CONTACTED AND ADDRESS: ☐ WE OR SE PERSON ☐ OTHER (Specify)

CONTACT MADE: ☐ OO ☐ BO ☐ CS ☐ HOME ☐ PHONE ☐ OTHER

DATE OF CONTACT

SUBJECT

* A CDI is not indicated on claimant's SSN. Due to her age education and work background with her mental restrictions she would be a vocational continuance per U.S. Gov. Mean dated 04/30/80

SIGNATURE: D Green

DISTRICT OFFICE (Name, Address & Code): Sec Ad

☐ CR ☐ FR ☐ SR ☐ CLAIMS CLERICAL ☒ OTHER (Specify) Counselor

DATE OF REPORT: 11/12/84

PAGE 1 OF 1

Form SSA-8002 (5-81)
Prior editions usable

USE BACK FOR ADDITIONAL COMMENTS

1/25/84

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

Form Approved
OMB No 0960-0144

For SSA Use Only - Do NOT Complete This Item.	
Name of Wage Earner: Tommie C. Cook	Social Security Number: 415-12-4474
Name of Claimant: Aleen C. Cook	Social Security Number: 409-28-4531
Type of Claim:	
Title II — ☐ Freeze ☐ DIB ☒ ~~OWB~~ Widow's ☐ CDB Title XVI — ☐ Disability ☐ Blind ☐ Child	

RECONSIDERATION DISABILITY REPORT

PLEASE PRINT, TYPE, OR WRITE CLEARLY AND ANSWER ALL ITEMS TO THE BEST OF YOUR ABILITY. If you are filing on behalf of someone else, answer all questions. COMPLETE ANSWERS WILL AID IN PROCESSING THE CLAIM.

Privacy Act Notice: The information requested on this form is authorized by Title 20 CFR 404.1523 and Title 20 CFR 416.923. The information provided will be used to further document your claim. Information requested on this form is voluntary, but failure to provide all or any part of the requested information may affect the determination of your claim. Information you furnish on this form may be disclosed by the Social Security Administration to another person or governmental agency only with respect to social security programs and to comply with Federal laws requiring the exchange of information between the Social Security Administration and another agency.

PART I – INFORMATION ABOUT YOUR CONDITION

1. Has there been any change (for better or worse) in your illness or injury since you filed your claim? ☒ Yes ☐ No
   If "Yes," describe any changes in your symptoms.
   Worst - My back is hurting more. One of the spells that I had I could not straighten up. Doctor has me to use traction on neck. Also I am wearing neck collar.

2. Describe any physical or mental limitations you have as a result of your condition.
   With my back hurting so bad I get more nervous. I can't stoop, bend over, lift anything.

3. Have any restrictions been placed on you by a physician? ☐ Yes ☒ No
   If "Yes," give name, address, and telephone number of the physician and show what kinds of restrictions have been imposed.

9-16

4. Do you have any additional illness or injury that isn't recorded in the file? ☐ Yes ☐ No
   If "Yes," describe the kind of illness or injury and the date that it occurred.
   Right knee cap was removed 26 years ago due to car accident. Right knee gives & way and I have fallen because of this.

Form SSA-3441 F6 (5-78)

PART II — INFORMATION ABOUT YOUR MEDICAL RECORDS

5. Have you seen any physician since you filed your claim? ..... ☑ Yes ☐ No
If "Yes," provide the following about the physician you last visited:

Dr. Jerry C. Hunt	Suite 103 Physicians Bldg 610 West Dyer Knoxville Tn 37915
615 865-0575	
about every 2 months	1/9/84 next appointment 1/31/84
Reason for visits: back	
Type of treatment received: X-rays medication	

6. Have you seen any other physician since you filed your claim? ..... ☑ Yes ☐ No
If "Yes," show the following:

Dr. U.G. Compuwood	637 Dallas Rd S. Madison Tn 37115
615-865-9465	
Every 6-8 weeks	12/05/84 Next appointment 1/31/84
Reason for visits: Nerves	
Type of treatment received: Medication, therapy	Q CC

If you have seen other physicians since you filed your claim, list their names, addresses, dates and reasons for visits in Part V.

7. Have you been hospitalized, or treated at a clinic or confined in a nursing home or extended care facility for your illness or injury since you filed your claim? ..... ☑ Yes ☐ No
If "Yes," show the following:

St Thomas Hospital	4220 Harding Rd Nashville Tn 37205
Patient or clinic number:	
Were you an inpatient? ☐ Yes ☐ No If "Yes," show:	Dates of admission and discharge:
Were you an outpatient? ☑ Yes ☐ No If "Yes," show:	Dates of visits: 12/27/83
Reason for hospitalization, treatment, or confinement: Migrain Headaches	
Type of treatment received: Upper GI series, EKG, medication	

If you have been in other hospitals, clinics, nursing homes, or extended care facilities for your illness or injury, list the names, addresses, patient or clinic numbers, dates and reasons for hospitalization, clinic visits, or confinement in Part V.

8. Have you been seen by other agencies for your injury or illness? ..... ☐ Yes ☑ No
(VA, Workmen's Compensation, Vocational Rehabilitation, Welfare, Special Schools, Unions, etc.)
If "Yes," show the following:

Name of agency:	Address of agency (including ZIP Code):
Your claim number:	
Dates of visits:	Name of counselor, social worker, etc.:
Type of treatment or examination received (include drugs, surgery, tests):	

If more space is needed, list the other agencies, their addresses, your claim numbers, dates, and treatment received in Part V.

PART III — INFORMATION ABOUT WORK

8. Have you worked since you filed your claim? ..... ☐ Yes ☐ No

If "Yes," you will be asked to give details on a separate form.

PART IV — INFORMATION ABOUT YOUR ACTIVITIES

10. How does your illness or injury affect your ability to care for your personal needs?

I have trouble washing my hair. I can only take a sponge bath. I can't get in and out of bath tub.

11. What changes have occurred in your daily activities since you filed your claim? (If none, show, "None")

None

PART V — REMARKS AND AUTHORIZATIONS

12.(a) READ CAREFULLY: I authorize the Social Security Administration to release information from my records, as necessary to process my claim, as follows:

Copies of my medical records may be furnished to a physician or a medical institution for background information if it is necessary for me to have a medical examination by that physician or medical institution. The results of any such examination may be given to my personal physician.

Information from my records may also be furnished, if necessary, to any company providing clerical and administrative services for the purposes of transcribing, typing, copying or otherwise clerically servicing such information. The State Vocational Rehabilitation Agency may also have access to information in my records to determine my eligibility for rehabilitative services.

I understand and concur with the statement and authorizations given above, except as follows (If there are no exceptions, write "None" in the space below. If you do not concur with any part of the above statement, state your objections clearly):

None

12. (b)	Telephone number where you can be reached:	Best time to reach you:
	615-876-2374	Anytime

12(b) Use this section to continue information required by prior sections. Identify the section for which the information is provided.
Note: This section may also be used for any special or additional information which you wish to be recorded

Knowing that anyone making a false statement or representation of a material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal Law, I certify that the above statements are true.

NAME (SIGNATURE OF CLAIMANT OR PERSON FILING ON THE CLAIMANT'S BEHALF)

SIGN HERE ▶ V Allen C. Cook DATE 1/25/84

PART VI — FOR SSA USE ONLY — DO NOT WRITE BELOW THIS LINE

Name of Wage Earner	Social Security Number
Jonnie C Cook	415-12-4474
Name of Claimant	**Social Security Number**
Jonnie C Cook	415-12-4474

13. Check each item to indicate whether or not any difficulty was observed:
(Explain all items checked "Yes," in Item 14 below)

Reading:	☐ Yes	☑ No	Using Hands:	☐ Yes	☑ No
Writing:	☐ Yes	☑ No	Breathing:	☐ Yes	☑ No
Answering:	☑ Yes	☐ No	Seeing:	☐ Yes	☑ No
Hearing:	☐ Yes	☑ No	Walking:	☐ Yes	☑ No
Speaking:	☐ Yes	☑ No	Sitting	☐ Yes	☑ No
Understanding:	☐ Yes	☑ No	Assistive Devices:	☑ Yes	☐ No

Other *(Specify)*:

This lady with samiple on after each question. She talked and talked. I would have to break in on her talking to ask the next question

14. If any of the above items were checked "Yes," describe the observed difficulty:

15. Describe fully: General appearance, behavior, any unusual observed difficulties not noted elsewhere, any unusual circumstances surrounding the interviews.

Height - 5'6"
Weight - 158
Wore a neck collar
unkept appearance

1/25/84

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION

TOE 710

Form Approved
OMB No. 0960-0063

REQUEST FOR RECONSIDERATION

The information on this form is authorized by regulation (20 CFR 404.907 – 404.921 and 416.1407 – 416.1421). While your responses to these questions is voluntary, the Social Security Administration cannot reconsider the decision on this claim unless the information is furnished

(Do not write in this space)

NASHVILLE (EAST) TN
1
JAN 25 1984
41017
SSA BRANCH OFFICE

NAME OF CLAIMANT	NAME OF WAGE EARNER OR SELF-EMPLOYED PERSON (If different from claimant)
Aleen C Cook	Tommie C Cook.
SOCIAL SECURITY CLAIM NUMBER: 415-12-4474	SUPPLEMENTAL SECURITY INCOME CLAIM NUMBER
SPOUSE'S NAME AND SOCIAL SECURITY NUMBER (Complete ONLY in Supplemental Security Income Case)	

CLAIM FOR (Specify type, e.g., retirement, disability, hospital insurance, supplemental security income, etc.) SWB-Widow's Only Cla... DC

I do not agree with the determination made on the above claim and request reconsideration. My reasons are:

Iam not able to work. My back will not permit me to stand or sit for very long

NOTE: If the notice of the determination on your claim is dated more than 65 days ago, include your reason for not making this request earlier. Include the date on which you received the notice of the determination.

I am submitting the following additional evidence (If none, write "None,"):

① Statement that I wrote myself ② Statement from Dr. Jerry Hunt

SUPPLEMENTAL SECURITY INCOME RECONSIDERATION ONLY (see back of this form)

"I want to appeal your decision about my claim for supplemental security income. I've read the back of this form about the three ways to appeal. I've checked the box below."

☐ Case Review ☐ Informal Conference ☐ Formal Conference

SIGN HERE ▶ Signature (First name, middle initial, last name) (Write in ink): √ Aleen C. Cook

Date (Month, day, year): 01/25/84

Telephone Number: 615-876-2374

Mailing Address (Number and street, Apt. No., P.O. Box or Rural Route): 424 S Bernard Rd

City and State: Joelton TN

ZIP Code: 37080

Enter Name of County (If any) in which you now live: Davidson

Witnesses are required ONLY if this request has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person requesting reconsideration must sign below, giving their full addresses.

1. Signature of Witness	2. Signature of Witness
Address (Number and street, City, State, ZIP Code)	Address (Number and street, City, State, ZIP Code)

FOR SOCIAL SECURITY OFFICE USE ONLY

SOCIAL SECURITY OFFICE ADDRESS

Form SSA-561-U2 (2-82)
Destroy prior editions

CLAIMANT'S COPY

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

1 2/27/83

DISABILITY DETERMINATION RATIONALE

Name of Claimant	SSN
Aleen C Cook	415-12-4474

The following reports were used to decide your claim: Dr. J. Hunt, report of 8/19/82 to 2/8/84; Dr. W. Coopwood, report of 12/13/83, 2/7/84; St. Thomas Hospital, report covering 1/3/84, 1/4/84.
To be awarded benefits, you must be found eligible on or before 05/30/84 (the date that the specified period ended for you).
You said you were disabled due to nervous problems, arthritis, bursitis, hiatus hernia, heart trouble, right knee problems. Medical evidence shows though you have discomfort, you are still able to move your arms, hands and legs and move about in a satisfactory manner. There is no evidence of a disabling problem due a hiatus hernia or heart problems. Though you may be nervous at times, medical shows you are able to think, communicate and act in your own interest.
We find that your condition does not meet the basic definition of disability as defined by the Social Security Disability program.

Note: Ltr sent to claimant by Soc. Sec.

The statement of evidence in the determination of 01/13/84, except as modified herein, is hereby incorporated by reference, but not the inferences, findings, or conclusions thereon.
Medical evidence shows claimant neurotic depression. There is no evidence of a significant decrease in daily activities. She is capable of relating to others. Claimant has a sliding hiatus hernia with gastroesophageal reflux, but with no convincing evidence of esophagitis or stricture. The stomach and duodenum are normal.
The severity of the claimant's impairment does not meet or equal that of any impairment described in the Listing of Impairments.

W/C NAME (If CDR or DWB Claim)	TYPE OF CLAIM
Tommie C Cook	R3

(Initial and Date)

DISABILITY EXAMINER (DE)	DATE	REVIEWER	DATE	DISABILITY EXAMINER SSA	DATE	DISABILITY EXAMINER SSA	DATE
mt	2/27/83	[illegible]	2/28/83	[illegible]	2/28/84		

Form SSA-4268-C4 (4-83)
7/57-483

1. FOLDER COPY

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION
OFFICE OF HEARINGS AND APPEALS

Form Approved
OMB No. 0960-0269

SEE PRIVACY ACT NOTICE ON REVERSE SIDE OF FORM.

REQUEST FOR HEARING

Take or mail original and all copies to your local Social Security office.

CLAIMANT
Aleen C. Cook

WAGE EARNER (Leave blank if same as above)
Jommie C. Cook

SOCIAL SECURITY NUMBER
415-12-4474

SPOUSE'S NAME AND SOCIAL SECURITY NUMBER
(Complete ONLY in Supplemental Security Income Case)

(Check One)
Initial Entitlement [X]
Termination or other Post-Entitlement Action [ ]

Type Claim (Check ONE)

Retirement or Survivors . . . . . Only [ ] (RSI)
Disability, Worker or Child . . . . . Only [ ] (DIWC)
Disability, Widow or Widower . . . . . Only [X] (DIWW)

SSI, Aged . . . . Only [ ] (SSIA) | SSI, Aged . . . . With Title II Claim [ ] (SSAC)
SSI, Blind . . . . Only [ ] (SSIB) | SSI, Blind . . . . With Title II Claim [ ] (SSBC)
SSI, Disability . . Only [ ] (SSID) | SSI, Disability . . With Title II Claim [ ] (SSDC)

Other (Specify) _____

I disagree with the determination made on the above claim and request a hearing. My reasons for disagreement are:

I am totally disable to work. My back hurts and at times I can hardly walk. Knees hurts due to Arthritis.

Check one of the following:

[ ] I have additional evidence to submit (Attach such evidence to this form or forward to the Social Security Office within 10 days.)

[X] I have no additional evidence to submit.

Check ONLY ONE of the statements below:

[X] I wish to appear in person.

[ ] I do not wish to appear at a hearing. I request that a decision be made on the basis of the evidence in my case.

Signed by (Either the claimant or representative should sign. Enter addresses for both. If claimant has a representative, Form SSA-1696-U3 (Appointment of Representative) must be completed.)

SIGNATURE OF CLAIMANT'S REPRESENTATIVE

[ ] ATTORNEY [ ] NON-ATTORNEY

ADDRESS

CITY, STATE, AND ZIP CODE

TELEPHONE NUMBER

DATE 03/02/84
(Claimant should not fill in below this line)

CLAIMANT'S SIGNATURE
Aleen C. Cook

ADDRESS
4124 S Bernard Rd

CITY, STATE AND ZIP CODE
Joelton TN 37080

TELEPHONE NUMBER
615-876-2374

RECEIVED
MAR 5 1984
SSA Nashville, Tennessee

TO BE COMPLETED BY SOCIAL SECURITY ADMINISTRATION

Is this request timely filed? [X] YES [ ] NO

If "No" is checked: (1) Attach claimant's explanation for delay, (2) Attach any pertinent letter, material, or information in the Social Security Office.

Interpreter Needed _____ (Language including sign language)

ACKNOWLEDGMENT OF REQUEST FOR HEARING

This request for hearing was filed on 3/2/84 at Nashville TN

The Administrative Law Judge will notify you of the time and place of the hearing at least 10 days in advance of the hearing.

HEARING OFFICE COPY

TO:
[X] Hearing Office Nashville TN (Location)
[ ] _____ (Location) (Claims Involving SSI or combined SSI-RSDI)
[ ] Supplemental Security Income File Attached

CLAIM FILE COPY

TO:
[X] Hearing Office
[ ] Claim File(s) Requested by Teletype to _____ (Location)
[ ] RBS (OCRO)

For the Social Security Administration:
By Betty J. Capobene
(Signature)
Claims Rep
Title
393 Gallatin Rd
(Street Address)
Nashville TN 37216
(City, State, and Zip Code)

Servicing Social Security Office Code C37

Form HA-501-U5 (12-81)
DESTROY PRIOR EDITIONS

CLAIM FILE

CLAIMANT'S STATEMENT WHEN REQUEST FOR HEARING IS FILED AND THE ISSUE IS DISABILITY

PLEASE READ PRIVACY ACT STATEMENT ON REVERSE: Print, type, or write clearly and answer all questions to the best of your ability. (If you are filing on behalf of someone else, also answer all questions to the best of your ability.) Complete answers will aid in processing the claim. IF ADDITIONAL SPACE IS NEEDED, ATTACH A SEPARATE STATEMENT TO THIS FORM.

CLAIMANT'S NAME: Aleen C. Cook

SOCIAL SECURITY NUMBER: 413-12-4474

1. Have you worked since 1/25/84, the date your request for reconsideration was filed? (If yes, describe the nature and extent of work.) — ☐ Yes ☒ No

2. Has there been any change in your condition since the above date? (If yes, describe the change.) — ☐ Yes ☒ No

3. Has your daily activities changed since the above date? (If yes, describe the change.) — ☐ Yes ☒ No

4. Have you been treated or examined by a doctor (other than as a patient in a hospital) since the above date? (If yes, complete the following.) — ☐ Yes ☐ No

NAME AND ADDRESS OF DOCTOR(S)	DATE OF EXAM	MEDICAL PROBLEM
Terrell C. Hunt Suite 103 Physicians Plaza 1 West Doe West Ave. Madison, Wis. 53715	03/02/84	Arthritis

5. Have you been a patient in a hospital since the above date? (If yes, complete the following.) — ☐ Yes ☒ No

NAME AND ADDRESS OF HOSPITAL(S)	DATE(S) OF HOSPITALIZATION	MEDICAL PROBLEM

6. Have community agencies (that have medical or vocational records that you did not tell us about before) (If yes, list the agencies or employers who have such records.) — ☐ Yes ☒ No

7. Are you now taking any prescription drugs or medications? (If yes, list them below.) — ☒ Yes ☐ No

NAME OF MEDICATION(S)	DOSAGE BEING TAKEN	NAME OF PHYSICIAN(S)
Indocin	Nurse's Aid Dr. Hunt	Dr. Hunt
Vitamin	One Tablet Dr. Hunt	Dr. Hunt
Tagamet	4 a day	Dr. Hunt

8. Are you now taking any nonprescription drugs or medications? (If yes, list them below.) — ☐ Yes ☒ No

NAME OF MEDICATION(S)	DOSAGE BEING TAKEN

Knowing that anyone making a false statement or representation of a material fact for use in determining a right to payment under the Social Security Act commits a crime punishable under Federal Law, I certify that the above statements are true.

SIGNATURE OF CLAIMANT OR PERSON FILING ON THE CLAIMANT'S BEHALF	DATE SIGNED
SIGN HERE ▶ Aleen C. Cook	3/02/84

Form HA-4668 (8-80)
Prior editions may be used until supply is exhausted

ITEM 3. SUPPLEMENTAL INFORMATION ON THE CASE OF DALE M. ROHA

CRAWFORD COUNTY MENTAL HEALTH - MENTAL RETARDATION PROGRAM

DEVELOPMENTAL DISABILITIES PROGRAM
serving individuals and their families

Mental Retardation
Cerebral Palsy
Epilepsy
Other Neurological Disabilities

April 24, 1984

Mr. Paul Steitz, Legislative Aide
to Honorable John Heinz
Room G-33, Senate Dirksen Building
Washington, D.C. 20510

RE: Supplemental Security Income

Dear Mr. Steitz:

One of my clients has been found to meet the eligibility criteria of being disabled by the Social Security Administration, but he has been denied Supplemental Security Income due to excessive resources.

When my client's mother died, there was no will. As a farming family, the estate was passed on to the son picked by the father as his successor before his death.

Since the estate has not been legally settled, the Social Security Administration has decided that my client owns one-eighth of the estate with a tax value alone over $1,800.

Definitely, his portion of the state exceeds the $1,500 resource limit and the decision of the Social Security Administration is correct according to their regulations.

Farming families have been the foundation of American society for hundreds of years. It must be recognized that many farming families still do not believe in wills since the family structure handles the family assets and perpetuates the family farming business. The rules of the Social Security Administration do not recognize this rural subculture.

My client is unable to sell his portion of the estate since the other family members do not want any portion of the farm to be sold, but yet they do not have the money to purchase his portion from him.

My client cannot give his portion of the estate to the other family members since this would constitute a gift and disqualify him from Supplemental Security Income and public assistance (his current source of income) for a period of two years.

My client would be willing to have a lien placed against his portion of the estate if he were to receive Supplemental Security Income, and he would pay back monies if the farm is sold.

The whole affair regarding the application for Supplemental Security Income benefits has caused a regression in my client. He was a resident of Warren State Hospital for 23 years, but he has been able to live in the community for the last 10 years. It would be a shame for him to regress to the level when he again would have to be hospitalized.

Respectfully yours,

T. W. Morris
Coordinator

TWM/tm

BUREAU OF DISABILITY DETERMINATION
DISABILITY DETERMINATION SERVICE
P.O. BOX 2780
GREENSBURG, PENNSYLVANIA 15601
DIAL VOICE TELE: FROM PITTSBURGH 242-8712
OTHER AREAS 800-242-8018
LOCAL TELEPHONE NUMBER 836-5100

Dr. Kirchner
Mental Health Center City Hosp.
Liberty St.
Meadville, PA 16335

DATE: Sept. 2, 1983
NAME: Dale M. Roha
ADDRESS: 360 Chestnut St.
Meadville, PA 16335

AN: 116-20-8057
BIRTH DATE: 814+336-5769

Dear Doctor

The Bureau of Disability Determination is investigating the above individual's eligibility for disability benefits under Title II and/or Title XVI of the Social Security Act. The claimant has listed you as a source of medical treatment between _____and_____, and stated that disability results from retardation, schizophrenia, and diabetes

We are requesting medical evidence from your records to help us establish the onset, severity and duration of the applicant's impairment(s). If you charge a fee for preparing this information, the Bureau of Disability Determination can reimburse you up to twelve dollars ($12.00). Just complete the enclosed Professional Service Invoice and submit it with your report.

The reverse of this letter is a reporting from for your convenience, but a narrative report or copies of your records would be perfectly acceptable. If you prefer, we welcome telephone responses. You can dial the above toll free number any working day between 8:30 a.m. and 5:00 p.m. The claims adjudicator whose name appears below will be happy to take your report.

OR, YOU MIGHT FIND IT MOST CONVENIENT TO USE OUR 24 HOUR TELERECORDING SERVICE. CALL ONE OF THESE TOLL FREE NUMBERS: 800+492-2514,-15,-16,-17, ANY DAY, AT ANY TIME, TO DICTATE YOUR REPORT.

A copy of any medical information you provide via telephone will be sent to you for verification and signature.

Please try to complete this request within ten (10) days to help us process your patient's claim promptly. This is a request for information from existing records only.

Sincerely,

With Psychological and Diabetes

Chris Ladley/mlm
Disability Claims Adjudicator

Barbara Horner, M.D.
Reviewing Physician

Enclosures: Medical Release Authorization
Postage Paid Return Envelope
Professional Service Invoice (DDD-208c)

DD - A

1. Date First Seen 1966 last episode 1974 Date Last Seen 10/10/83 Frequency of Visits every month

2. Height _____ Weight _____

3. Diagnosis and Onset Date: Committment to Waccamaw State hospital 1951

4. Clinical Course: Schizophrenia Paranoid type

5.a. Describe in detail the patient's current mental status. Please check any of the following areas in which deterioration or other change has been noted. Include a clarifying narrative for each item checked:

Impaired intellectual function Simple thought processes & content good orientation
Poor memory paranoid perception limited judgment and
Blank effect flat mood insight

b. Discuss also any symptoms such as depression, anxiety, hallucinations or delusions, psychophysiological disorders, personality disorganization, bizarre behavior, etc.

Pt is chronically sad & anxious constricted in all behavior relationships action

6. Illustrate any changes since onset of illness of any of the following as they reflect the psychopathology described above. (a) daily activities (b) interests (c) personal care and habits (3) ability to relate.

cares for own needs minimally watch T.V. sits in park isolated except for Oasis Club for M.R.

7. Current medications (with dosage) including response and side effects.

Mellaril 50mg T.A.S

8. Results of psychological testing, EEG's, skull x-rays, or other pertinent laboratory data with dates, if available (or specify where they can be obtained).

To be tested by SS psychol.

9. In your judgment, is the patient capable of managing benefits in his or her own behalf? with help from M.R. Director

10. Prognosis: very vulnerable to exploitation from roommates guarded

Date 10/10/83

M B Hagmen MD
Physician's Signature

A-Psychiatric

3/79

1. DALE M. ROHA 116-20-8057 LADLEY

Date First Seen _____ Date Last Seen _____

Height _____ Weight _____ Weight Loss _____ lbs. In past _____ (mos/yrs)

2. Diagnosis and Onset Date:

3. Clinical Course: Admitted to Warren 1951 - seclusive mute - psychotic - disch 64 - Returned 66 disch 74 - followed in OPD

4. Are there abnormal ophthalmoscopic findings? YES ___ NO ___ Describe in detail (including evidence of neovascularization, hemorrhages, exudates, retinitis proliferans, etc.)

Reading glasses

Visual acuity, with best correction: OD OS Date

5. Is there evidence of peripheral neuropathy? YES ___ NO ___ Describe in detail any neuropathy to include extremities involved, disturbance of gross and dexterous movements, or gait, and station. Specify if neuropathy is persistent and sustained or intermittent.

gross tremor at rest under stress - talat +=

6. Is there evidence of peripheral vascular disease? YES ___ NO ✓ Describe in detail and grade pulsations on scale from 0 to +4 (normal).

7. Was surgery performed? YES ___ NO ✓ Describe procedures, dates and results.

8. Has patient experienced acidosis? YES ___ NO ✓ If "YES" describe frequency, PH, PCO_2 or bicarbonate levels and dates:

9. Is there renal or cardiovascular involvement? YES ___ NO ✓ Describe, and give results and dates of supporting lab tests (e.g., BUN or EKG).

10. Describe current treatment (including previous or proposed surgery and dates), response and prognosis.

Med check regularly here for Mellaril Avoidant of care - He stopped Orinase & is losing weight

11. Please report other pertinent observable clinical findings. Has

Referred back to Dr Montes

Date _____

MB Hagamen
Physician's Signature

A-Endocrine-Diabetes

Social Security
Notice to Visit Office

From: Department of Health, Education, and Welfare
Social Security Administration

Dale M. Roha
360 Chestnut St.
Meadville, PA 16335

SOCIAL SECURITY OFFICE
226 PARK AVENUE PLAZA
MEADVILLE, PA 16335

TELEPHONE: 724-4770

Date: November 3, 1983

Claim Number: 116-20-8057

Hours: 9am - 4:30pm

Dear Mr. Roha:

We would like to talk with you about doing a final review of your SSI since your claim has been approved. We have scheduled an appointment for you on Tuesday, November 8, 1983 at 9:00 a.m. to take care of this. Bring the following with you: proof that certificate with IRS was cancelled; bank statements for July 1983 - October 1983; checkbook; rent receipts from September 1983 on; any information you have about estate of Edward and Bertha Roha of which you are an heir; and any proof that Jeffrey Hoover is on cash welfare.

Please come to our office as soon as you can and *bring this letter with you.* Our office hours and telephone number are shown above.

If you can't come [redacted] on November 8, let us know as soon as possible and we'll make other arrangements with you.

Sincerely yours,

Clifford E Bush

Clifford E. Bush
Claims Representative

You have been scheduled for an appointment with Mr. Bush on Tuesday, November 8 at 9:00 a.m. . If you are unable to keep this appointment, please call us by November 7 and we will reschedule your appointment.

SSA-L5006 (1-75)

Supplemental Security Income
Notice of Disapproved Claim

007

From: Department of Health and Human Services
Social Security Administration

Date: 12-13-83

DALE M ROHA
360 CHESTNUT ST
MEADVILLE PA 16335

Social Security Number:
116-20-8057 DI

* APPLICATION FILED *
SEPTEMBER 01, 1983

* TYPE OF CLAIM *
INDIVIDUAL--DISABLED

AFTER A CAREFUL REVIEW OF YOUR CASE, WE HAVE DETERMINED THAT YOU ARE NOT ELIGIBLE TO RECEIVE SUPPLEMENTAL SECURITY INCOME PAYMENTS UNDER THE PROVISIONS OF TITLE XVI OF THE SOCIAL SECURITY ACT.

TO BE ELIGIBLE FOR SUPPLEMENTAL SECURITY INCOME PAYMENTS, YOU CANNOT HAVE COUNTABLE RESOURCES WORTH MORE THAN $1,500.00. COUNTABLE RESOURCES INCLUDE CERTAIN REAL PROPERTY OR OTHER THINGS YOU MAY OWN, SUCH AS CASH, STOCKS AND BONDS, AND CERTAIN TYPES OF LIFE INSURANCE. OUR RECORDS SHOW THAT YOU HAVE RESOURCES HAVING A VALUE IN EXCESS OF $1,500.00 FOR SEPTEMBER 1983 ON.

YOU MAY BE ELIGIBLE TO RECEIVE SUPPLEMENTAL SECURITY INCOME PAYMENTS WHILE DISPOSING OF EXCESS COUNTABLE RESOURCES UNDER AN AGREEMENT TO DO SO IF--TOTAL COUNTABLE RESOURCES ARE NOT WORTH MORE THAN $3,000.00 AND TOTAL COUNTABLE LIQUID RESOURCES, SUCH AS CASH, STOCKS AND BONDS, SAVINGS OR CHECKING ACCOUNTS, DO NOT EXCEED $912.90. OUR RECORDS SHOW THAT YOU DO NOT QUALIFY FOR THESE PAYMENTS.

THE APPLICATION YOU FILED IS ALSO AN APPLICATION FOR ADDITIONAL STATE PAYMENTS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM. FOR REASONS SHOWN ABOVE, YOU ARE NOT ELIGIBLE FOR SUCH PAYMENTS FROM YOUR STATE.

ALTHOUGH YOU ARE NOT ELIGIBLE FOR THE REASONS GIVEN ABOVE, WE HAVE DETERMINED THAT YOU ARE DISABLED.

IF AT ANY TIME IN THE FUTURE YOU THINK YOU QUALIFY FOR PAYMENT, PLEASE CONTACT US IMMEDIATELY ABOUT FILING A NEW APPLICATION. WE CANNOT MAKE PAYMENT FOR ANY MONTH BEFORE THE MONTH IN WHICH YOU APPLY.

ALTHOUGH YOU ARE NOT ELIGIBLE FOR SUPPLEMENTAL SECURITY INCOME PAYMENTS, YOU MAY BE ELIGIBLE FOR MEDICAL ASSISTANCE--MEDICAID. IF YOU HAVE ANY QUESTIONS ABOUT ELIGIBILITY FOR MEDICAID OR NEED MEDICAL ASSISTANCE, YOU SHOULD GET IN TOUCH WITH THE COUNTY BOARD OF ASSISTANCE.

Important: See other side for an explanation of your appeal rights and other information.

Form SSA-L8030-C1 (7-78) (Formerly SSA-8030)
Prior editions usable

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION

TOE 710 — Form Approved OMB No. 0960-0063

REQUEST FOR RECONSIDERATION

The information on this form is authorized by regulation (20 CFR 404.907 – 404.921 and 416.1407 – 416.1421). While your responses to these questions is voluntary, the Social Security Administration cannot reconsider the decision on this claim unless the information is furnished.

(Do not write in this space)

NAME OF CLAIMANT	NAME OF WAGE EARNER OR SELF-EMPLOYED PERSON (If different from claimant.)
Dale M. Roha	
SOCIAL SECURITY CLAIM NUMBER	SUPPLEMENTAL SECURITY INCOME CLAIM NUMBER
116-20-8057	116-20-8057-DI

SPOUSE'S NAME AND SOCIAL SECURITY NUMBER (Complete ONLY in Supplemental Security Income Case)

CLAIM FOR (Specify type, e.g., retirement, disability, hospital insurance, supplemental security income, etc.) Supplemental Security Income

I do not agree with the determination made on the above claim and request reconsideration. My reasons are:

Even though my mother died without a will, she verbally requested that my brother, ~~Edward~~ ERNEST, maintain the farm intact. (Continued on Separate Page)

NOTE: If the notice of the determination on your claim is dated more than 65 days ago, include your reason for not making this request earlier. Include the date on which you received the notice of the determination.

I am submitting the following additional evidence (If none, write "None,"):

SUPPLEMENTAL SECURITY INCOME RECONSIDERATION ONLY (see back of this form)

"I want to appeal your decision about my claim for supplemental security income. I've read the back of this form about the three ways to appeal. I've checked the box below."

☐ Case Review ☒ Informal Conference ☐ Formal Conference

Signature (First name, middle initial, last name) (Write in ink)	Date (Month, day, year)
SIGN HERE ▶ Dale M Roha	1/5/84
	Telephone Number (814) 336-5769

Mailing Address (Number and street, Apt. No., P.O. Box, or Rural Route)
360 Chestnut Street, Apartment #2

City and State	ZIP Code	Enter Name of County (if any) in which you now live
Meadville, PA	16335	Crawford

Witnesses are required ONLY if this request has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person requesting reconsideration must sign below, giving their full addresses.

1. Signature of Witness	2. Signature of Witness
Address (Number and street, City, State, ZIP Code)	Address (Number and street, City, State, ZIP Code)

FOR SOCIAL SECURITY OFFICE USE ONLY

SOCIAL SECURITY OFFICE ADDRESS

Form SSA-561-U2 (2-82)
Destroy prior editions

CLAIMANT'S COPY

Reasons Continued:

Members of my family do not have the ability to buy from me my legal portion of the estate.

From information provided by my brother, ~~Edward~~ ERNEST, there currently are two suits pending against the estate which will require settlement before there can be any consideration of settling with me. At the present time, members of my family will not consider selling any portion or all of the estate.

This situation is leaving me without any means of support, and my cash reserves are about depleted. Until such time that the estate can be settled, I am in need of Supplemental Security Income. I am willing to pay back any benefits that I receive at such time that the estate is settled and I receive my portion of the estate.

Supplemental Security Income
Notice of Reconsideration

From: Department of Health, Education, and Welfare
Social Security Administration

Date: January 23, 1984

Claim Number: 116-20-6057

Dale M. Roha
360 Chestnut St., Apt. 2
Meadville, PA 16335

Reconsideration Filed: 1/9/84

As you requested, the determination that you are not eligible for Supplemental Security Income because your resources are over $1,500.00 has been thoroughly reexamined.

You were originally denied Supplemental Security Income benefits because your checking account and your share in the estate of your parents' farm exceeds $1,500.00.

In case review, it is found that your share in the estate is $1,860.38. This is based strictly on tax assessed value, which means the market value is considerably more and, therefore, your share is much more than the $1,860.38 we used in this determination.

Therefore, the initial determination was correct, and you have resources over $1,500.00.

Important: See other side for an explanation of your appeal rights and other information ►

Form SSA 8455 A (3-76)

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION
OFFICE OF HEARINGS AND APPEALS

Form Approved
OMB No. 0960-0269

SEE PRIVACY ACT NOTICE ON REVERSE SIDE OF FORM.

REQUEST FOR HEARING

Take or mail original and all copies to your local Social Security office.

CLAIMANT
Dale M. Noha

WAGE EARNER *(Leave blank if same as above)*

SOCIAL SECURITY NUMBER
116-20-8057

SPOUSE'S NAME AND SOCIAL SECURITY NUMBER
(Complete ONLY in Supplemental Security Income Case)

(Check One)
Initial Entitlement ☒ Termination or other Post-Entitlement Action ☐

Type Claim (Check ONE)

Retirement or Survivors . . . . . Only ☐ (RSI)
Disability, Worker or Child . . . . . Only ☐ (DIWC)
Disability, Widow or Widower . . . . . Only ☐ (DIWW)

SSI, Aged . . . . Only ☐ (SSIA) | SSI, Aged . . . . With Title II Claim ☐ (SSAC)
SSI, Blind . . . . Only ☐ (SSIB) | SSI, Blind . . . . With Title II Claim ☐ (SSBC)
SSI, Disability . . Only ☒ (SSID) | SSI, Disability . . With Title II Claim ☐ (SSDC)
Other (Specify)

I disagree with the determination made on the above claim and request a hearing. My reasons for disagreement are:

The resources allocated to me are beyond my control for disposal.

My family will not sell the farm or allow me to sell my share.

Check one of the following:

☐ I have additional evidence to submit (Attach such evidence to this form or forward to the Social Security Office within 10 days.)

☒ I have no additional evidence to submit.

Check ONLY ONE of the statements below:

☒ I wish to appear in person.

☐ I do not wish to appear at a hearing. I request that a decision be made on the basis of the evidence in my case.

Signed by: (Either the claimant or representative should sign. Enter addresses for both. If claimant has a representative, Form SSA-1696-U3 (Appointment of Representative) must be completed.)

SIGNATURE OR NAME OF CLAIMANT'S REPRESENTATIVE

☐ ATTORNEY ☐ NON ATTORNEY

ADDRESS

CITY, STATE, AND ZIP CODE

TELEPHONE NUMBER

CLAIMANT'S SIGNATURE

ADDRESS
360 Chestnut Street

CITY, STATE, AND ZIP CODE
Meadville, PA 16335

DATE:
1/27/94
(Claimant should not fill in below this line)

TELEPHONE NUMBER
(814) 336-5769

TO BE COMPLETED BY SOCIAL SECURITY ADMINISTRATION

Is this request timely filed? ☐ YES ☐ NO

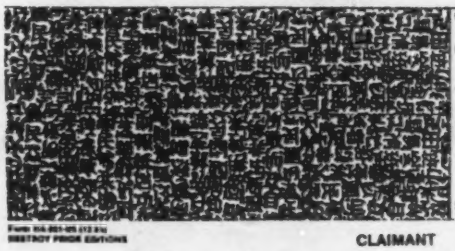
If "No" is checked: (1) Attach claimant's explanation for delay, (2) Attach any pertinent letter, material, or information in the Social Security Office.

Interpreter Needed _____ (Language, including sign language)

ACKNOWLEDGMENT OF REQUEST FOR HEARING

This request for hearing was filed on _____ at _____

The Administrative Law Judge will notify you of the time and place of the hearing at least 10 days in advance of the hearing.



For the Social Security Administration:

By _____
(Signature)

(Title)

(Street Address)

(City, State, and Zip Code)

Servicing Social Security Office Code _____

Form [illegible]
PREVIOUS PRIOR EDITIONS

CLAIMANT

To Whom it May Concern:

I currently operate the Roha Farm at Star Route, Meadville, PA 16335. I have operated this farm since my mother's death in May of 1976.

Even though my mother, Bertha Roha, did not have a will, it was her expressed desire that I, Ernest Roha, continue to operate the family farm. Further, it was my mother's desire that the farm not be sold, either in part or whole, but that the farm must remain in the family.

At the current time, I will not sell any part or all of the farm.

Signed Ernest C. Roha
Ernest Roha

Date Feb. 10-1984

IMPORTANT NOTICE TO TITLE XX RECIPIENTS READ CAREFULLY

AGENCY NAME	DATE NOTICE MAILED
Northwestern Legal Services	March 14, 1984
ADDRESS: 231 Chestnut Street, Meadville, Pa. 16335	AGENCY TELEPHONE NUMBER: (814) 724-1040 (AREA CODE)

☐ THIS IS TO NOTIFY YOU THAT TITLE XX SERVICES WILL NOT BEGIN BECAUSE OF THE FOLLOWING FACTS AND REGULATIONS:

☐ THIS IS TO NOTIFY YOU THAT TITLE XX SERVICES WILL ☐ BE REDUCED ☐ BE TERMINATED ☐ OTHER — EFFECTIVE 03/23/84

THIS ACTION IS PLANNED BECAUSE OF THE FOLLOWING FACTS AND REGULATIONS:

We can no longer provide service to you because the handling of your case would violate the Code of Professional Responsibility and/or the Disciplinary Rules of the Supreme Court of Pennsylvania because your case does not have enough merit to pursue.

PA.B. July 17, 1982, page 2291, Regulation 3-1-42(1).

IF YOU DISAGREE WITH THE DECISION LISTED ABOVE YOU HAVE THE RIGHT TO APPEAL AND REQUEST A FAIR HEARING THROUGH THE DEPARTMENT OF PUBLIC WELFARE'S OFFICE OF HEARINGS AND APPEALS.

However, you do not have the right to appeal a decision which is based on changes in federal or state law or regulations simply because the law or regulations has changed and now excludes you from service, reduces the amount of service or imposes a fee. You do have the right to appeal if you believe you meet the requirements for service based on the new regulation or law, or if you believe the computation of the fee amount is incorrect. If the Office of Hearings and Appeals finds you do not meet the new requirements, you will be responsible for the cost of service received from the proposed effective date of the service provider's decision which was appealed until the date service is terminated or reduced. If a fee computation is being appealed, the Office of Hearings and Appeals will determine the amount of the fee to be paid and you will be responsible for the payment of that amount from the proposed effective date of the service provider's decision which was appealed until the effective date of the Office of Hearings and Appeals decision.

This form is sent to you in duplicate. If you want to file an appeal and request a fair hearing, please complete the reverse side of this form and return one copy directly to the Office of Hearings and Appeals. Keep the other copy for your records.

If you do not understand this decision, or would like to discuss with a representative of our agency, please contact ▶ Edith Benson, MA, MWLS, 45 Reno Street Sharon, Pa. 16146; (412) 346-6112

Your appeal notice must be postmarked on or before 04/12/84, and should be sent directly to the Department's Office of Hearings and Appeals.

If the appeal notice is postmarked after 04/12/84, the Office of Hearings and Appeals reserves the right, by regulation, to dismiss the appeal without a hearing.

If the appeal notice is postmarked on or before 03/23/84, Title XX services will continue pending the hearing decision. If the appeal is postmarked after this date, service will be discontinued.

If the appeal notice is postmarked on or after 03/24/84, but before 04/12/84, the appeal will be accepted, but Title XX service will not be continued pending the fair hearing decision.

Dale Roha
NAME OF CLIENT
60 Chestnut Street
ADDRESS
Meadville, Pa. 16335
CITY STATE ZIP

Henry Leone, Esquire
Print or Type Service Provider Agency Worker's Name
March 14, 1984
DATE

Northwestern Legal Services
231 Chestnut Street - 5th Floor, Professional Bldg.
Meadville, Pennsylvania 16335 814/724-1040

March 14, 1984

Dale Roha
360 Chestnut Street
Meadville, Pa. 16335

Dear Mr. Roha:

After thoroughly researching your case, I have come to the conclusion that the decision of the Social Security Administration, finding you over the SSI source limit, is correct.

Mere ownership of your interest in the estate is sufficient for the estate to be counted as a resource to you. This fact is true even though you are receiving no actual benefit from owning it.

Due to this situation, I feel that your case does not have sufficient merit for our office to represent you in the hearing you have requested. Therefore, I am now writing to inform you that your case is being closed in our office.

Enclosed are the forms we are required to send each client when their case is closed. If you agree with the decision to close your case, you need do nothing with these forms. However, if do not agree with this decision, please follow the instructions on the forms as to the various methods available to you to question the decision.

Please note that these forms have nothing to do with your SSI case and are merely a requirement of our terminating service to you.

Also, please note that this action does not affect your request for a hearing. The hearing will still be scheduled by the Social Security Administration and they will inform you of its date and time. I am simply informing you that I will not be representing you at that hearing.

It is unfortunate that your interest in the estate works to disqualify you from these benefits but that is the law. Good luck to you in the future.

Sincerely,

Henry Leone

Henry Leone
Attorney-at-Law

Enclosures
HL:gc

DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION
OFFICE OF HEARINGS AND APPEALS

NOTICE OF HEARING

Dale M. Roha
(Claimant)

Claim for: Supplemental Security Income

(Wage Earner) (Leave blank if same as above)

116-20-8057
(Social Security Number)

TO:

Mr. Dale Roha
360 Chestnut St.
Meadville, PA 16335

IN ORDER TO PROVIDE YOU WITH AN OPPORTUNITY TO FULLY PRESENT YOUR CASE, THE DATE AND TIME OF THIS HEARING HAVE BEEN SET ASIDE ESPECIALLY FOR YOU. YOUR FAILURE TO APPEAR WITHOUT GOOD REASON WILL CAUSE DISMISSAL OF YOUR REQUEST FOR HEARING.

Pursuant to your written request, a hearing will be held by the undersigned, an Administrative Law Judge of the Office of Hearings and Appeals. YOU ARE HEREBY NOTIFIED TO APPEAR ON

Friday (Day of Week) June 1, 1984 (Full Date) at 9:30 a.m. o'clock in Room 136

U.S. Court House (Building) 6th & State Streets (Number and Street) Erie (City) PA (State)

ISSUES: The general issue to be determined is whether you meet the resource requirements for eligibility under section 1613 of the Social Security Act, as amended.

The specific issue on which findings will be made and conclusions will be reached is whether you have non-excludable resources in excess of $1,500.

Please arrive 15 minutes early to review your file.

REMARKS:

It is suggested that you be represented by a person of your choice to assist you in presenting your case.

IMPORTANT — Please sign and return at once the enclosed acknowledgment form notifying me whether you will be present at the scheduled hearing. No postage is required on this form. If an emergency arises preventing your appearance after you mail the acknowledgment form stating that you will be present, notify me promptly and give your reasons. Also, indicate how soon you will be able to attend a hearing.

READ THE OTHER SIDE OF THIS NOTICE FOR FURTHER INFORMATION REGARDING YOUR HEARING

Enclosure

Administrative Law Judge

(Signature): R M Ague, Jr.

(Type name in full): Robert M. Ague, Jr.

Date: May 2, 1984

Telephone Number: (412) 644-5993

Hearing Office Mailing Address:

5th Fl., Park Bldg.
355 Fifth Avenue
Pittsburgh, PA 15222

cc: Representative (Name and Address)

None of record

cc: Social Security Office (Street Address)

SSA, 224 Park Avenue Plaza
Meadville, PA 16335

FORM HA-507-US 9/81

(Over)

ITEM 4. SUPPLEMENTAL INFORMATION FOR THE TESTIMONY OF LEE A. HOFFMAN, JR.

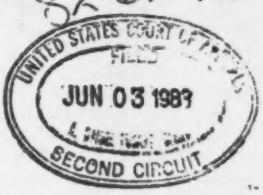
United States Court of Appeals

FOR THE

SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the third day of June one thousand nine hundred and eighty-three.

82-6273



Present:

HONORABLE JAMES L. OAKES,

HONORABLE LAWRENCE W. PIERCE,

HONORABLE JOHN W. PECK*

Circuit Judges,

MARY JENKINS,

Plaintiff-Appellant,

v.

RICHARD S. SCHWEIKER, Secretary of the Department of Health and Human Services,

Defendant-Appellee.

No. 82-6273

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is reversed and remanded.

Mary M. Jenkins, a 77-year-old widow, appeals from the grant of summary judgment by the United States District Court for the Southern District of New York in favor of the Secretary of Health and Human Services in Jenkins's action to review the Secretary's determination that she had been overpaid $6,630.18 in Supplemental Security Income (SSI) benefits and was not entitled to waiver of recoupment of the overpayment. On appeal, Jenkins does not challenge the fact of the overpayment but contends that

* Senior Circuit Judge of the United States Court of Appeals for the Sixth Circuit, sitting by designation.

the Secretary erred in not waiving recoupment as authorized by 42 U.S.C. § 1383(b)(1) and 20 C.F.R. § 416.550 et seq. Because the decision of the Secretary concerning waiver of recoupment was not supported by substantial evidence, we reverse the judgment of the district court.

Jenkins, a diagnosed schizophrenic, has a long-term history of commitment in state mental institutions. First institutionalized in 1936, Jenkins spent the next thirty years in state mental hospitals with the exception of a few months in 1939 and 1940. In 1966 Jenkins was released to a family care home for institutional dischargees where she continues to reside.

Jenkins first applied for SSI at a social security office in January 1974. An intake worker completed the form after asking Jenkins various questions. The application form indicates that Jenkins had $30.00 assets in cash on hand, but no income or bank accounts. In fact, Jenkins had a bank account containing slightly more than $1,400.00 in January 1974 and received income in the form of interest on the account. In 1976, 1977 and 1978 Jenkins signed recertification forms which did not disclose the existence of her bank account. In a recertification form completed on September 23, 1979, Jenkins first disclosed the existence of the bank account. Due to the accumulation of interest, the account exceeded $1,500.00 in the period from January 1976 through December 1977 by not more than $247.10. The account, due to the accumulation of interest, exceeded $1,500.00 by $.04 between October and December 1979.

Section 1611(a)(1) of the Social Security Act limits eligibility for SSI to single aged individuals whose resources do not exceed $1,500.00. 42 U.S.C. § 1382(a)(1). The Secretary determined that Jenkins was not eligible for SSI from January 1976 through December 1977 and from October through December 1979. The Secretary calculated Jenkins's overpayments as $5,740.80 for the first period and $889.38 for the second period. Since 1980 the Secretary has withheld $74.10 of Jenkins's monthly SSI benefits to recoup the overpayment.

In December 1979, Jenkins petitioned the Secretary for waiver of recoupment of the overpayment. The regulations authorize waiver of recoupment only if Jenkins was without fault in causing the overpayment and one of several other conditions, such as recoupment being against equity or good conscience, is satisfied. 20 C.F.R. § 416.550. Following a hearing before an administrative law judge (ALJ) at which Jenkins and her son were the only witnesses, the ALJ issued a recommended decision finding Jenkins not to be "without fault". After the Appeals Council affirmed this decision and it became the final decision of the Secretary, Jenkins sought judicial review. The district court remanded the case to the Secretary for further administrative action. Following a supplemental hearing at which Jenkins's presence was waived, the ALJ issued a decision again finding Jenkins not to be "without

fault" because she "knew or should have known the statements about her resources were incorrect." The Appeals Council affirmed the ALJ's decision and it became the final decision of the Secretary.

Jenkins again sought judicial review in the district court. On cross motions for summary judgment, the district court, after stating that "[t]he absurdity of the result reached here cries out for Justice", held for the Secretary on the ground that the Secretary's findings were supported by substantial evidence. Jenkins appealed that decision to this court.

It is beyond dispute that the factual determinations of the Secretary must be upheld by a reviewing court if they are supported by substantial evidence. 42 U.S.C. §§ 405(g) & 1383(c)(3); Lewin v. Schweiker, 654 F.2d 631 (9th Cir. 1981); Kirkland v. Railroad Retirement Board, slip op. 3437 (2d Cir. Apr. 26, 1983). Courts need not, however, blindly accept factual findings for which there is not "that quantum of proof which a reasonable person would accept." Kirkland, slip op. at 3446-47; see also Richardson v. Perales, 402 U.S. 389, 401 (1971).

The regulations provide that an individual is at fault for an overpayment, when in light of all the circumstances, the overpayment resulted from "[a]n incorrect statement made by the individual which he knew or should have known was incorrect. . . ." 20 C.F.R. § 416.552. Among the circumstances listed in § 416.552 to be considered in determining whether Jenkins was "without fault" are her understanding of the reporting requirements, her knowledge of the events that should be reported, and her ability to comply with the reporting requirements, which incorporates such factors as her age, comprehension, memory, and physical and mental condition. Schwingel v. Harris, 631 F.2d 192, 198 (2d Cir. 1980).

The only evidence cited by the ALJ to support the finding that Jenkins knew or should have known that the statements about her resources were incorrect is that the initial application and the three recertification forms, which were completed by case workers and signed by Jenkins, fail to indicate that she had a bank account when in fact she did. The significance of this evidence is substantially undercut by the other evidence adduced at the hearings. The uncontroverted testimony of Jenkins's son, who accompanied Jenkins when she initially applied for SSI benefits, was that Jenkins merely answered the questions asked of her, that Jenkins honestly answered to one question that she did not have assets in excess of $1,500.00, that Jenkins was not asked whether she had a bank account, that the intake worker did not explain the regulations to Jenkins, that the intake worker completed the application form, and that Jenkins did not read through the form before she signed it.

The uncontroverted medical evidence also indicates that although Jenkins's mental condition was stable after 1977, Jenkins had a lengthy history of institutionalization for mental problems,

had been diagnosed as a schizophrenic, had received the psychotropic drug Mellaril since 1972, and has continued to live in a sheltered environment since her discharge from an institution in 1966. In two letters included in the administrative record, Dr. Norman Scher, Jenkins's psychiatrist, stated that Jenkins would not attempt to defraud the government or conceal information and that any failure to inform the government of the existence of the bank account "was a result of fear and/or because of her illness." Additionally, Jenkins's son testified that Jenkins had difficulty understanding and completing any document or form due to her mental condition.

Finally, Jenkins's son testified that on at least one occasion Jenkins expressed her belief that the money in her bank account belonged to her son because she had received the money from him. Indeed, a review of the transcript of Jenkins's testimony at the first hearing reveals Jenkins's widespread confusion and inability to comprehend the regulations.

Courts uniformly have required the Secretary to make full and detailed findings of facts essential to the Secretary's decision. Lewin, supra at 634; Dobrowolsky v. Califano, 606 F.2d 403, 409 (3d Cir. 1979); Bastien v. Califano, 572 F.2d 908, 912-13 (2d Cir. 1978). The Secretary has reached a decision in this case contrary to that indicated by the documentary evidence concerning Jenkins's mental state and capacities and the uncontroverted testimony of the witnesses who testified at the administrative hearings. Under these circumstances, it was incumbent on the Secretary to make findings on the credibility of the witnesses based on some factual record foundation. Schwingel, supra at 197-98; Davidson v. Harris, 502 F. Supp. 1208, 1213 (E.D. Pa. 1980). Because the decision of the Secretary does not expressly discredit the testimony or documentary evidence that indicates that Jenkins was "without fault" in causing the overpayment, it cannot stand. Lewin, supra at 635.

The Secretary's failure to make adequate findings at the minimum necessitates a remand for a redetermination of fault. The court, however, may exercise its discretion in appropriate circumstances to reverse the decision of the district court. Id. at 635-36; Gold v. Secretary of Health, Education and Welfare, 463 F.2d 38, 44 (2d Cir. 1972). This case presents appropriate circumstances for reversal. The district court has previously remanded this case to the Secretary for reconsideration. Two hearings before an ALJ have been held. The record has been fully developed and amply demonstrates that Jenkins was "without fault". Consequently, there is no reason for remand to the Secretary because in light of the Secretary's concession at oral argument that Jenkins's case has substantial equitable appeal, there is no dispute that recoupment is against equity or good conscience. Yulling v. Califano, 474 F. Supp. 601, 610 (S.D.N.Y. 1979).

Jenkins v. Schweiker No. 82-6273

Because of the foregoing, we need not reach the other issues raised by Jenkins on appeal. The judgment of the district court affirming the decision of the Secretary is REVERSED for lack of substantial evidence. The case is REMANDED to the district court with directions to enter judgment for Jenkins.

JAMES L. OAKES, U.S.C.J.

LAWRENCE W. PIERCE, U.S.C.J.

JOHN W. PECK, U.S.C.J.

N.B. Since this statement does not constitute a formal opinion of this court and is not uniformly available to all parties, it shall not be reported, cited or otherwise used in unrelated cases before this or any other court.

COPY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

LEAH GODER,

Plaintiff,

-against-

MARGARET M. HECKLER, Secretary of Health and Human Services,

Defendant.

----------X

MEMORANDUM AND ORDER

82 Civ. 3626 (JMC)

CANNELLA, D.J.:

Plaintiff's motion for summary judgment is denied. Fed. R. Civ. P. 56.

Defendant's motion for a judgment on the pleadings is granted. Fed. R. Civ. P. 12(c).

FACTS

Plaintiff commenced this action for review of a final decision of the Secretary of Health and Human Services ['Secretary"] declining to waive recovery of overpayment of Supplemental Security Income ["SSI"] benefits under Title XVI of the Social Security Act [the "Act"], 42 U.S.C. §§ 1381-1383c. Jurisdiction of this Court is based on 42 U.S.C. § 1383(c), which incorporates § 205(g) of the Act, 42 U.S.C. § 405(g).

Plaintiff was first awarded SSI benefits commencing in 1974.[1] On August 24, 1981, the Social Security Administration ["SSA"] determined that she had received overpayments

of $1,525.59 for October 1980 through June 1981 because plaintiff permitted her "resources" to exceed $1,500 for these months.[2] The SSA also determined that plaintiff was not entitled to a waiver of the overpayment because she was not "without fault".[3] The matter was reconsidered by the SSA and was affirmed on October 6, 1981.[4]

The Act limits eligibility for SSI benefits to recipients whose "resources" do not exceed $1,500. 42 U.S.C. § 1382(a)(1)(B).[5] Plaintiff maintained a bank account which exceeded her statutory limit by sums ranging from $11.42 to $71.52 from October 1980 through June 1981. Plaintiff testified that she heard on the radio that the $1,500 limit was increased to $1,700.[6] Based upon this belief, plaintiff allowed interest to accumulate on her bank account, causing the balance to exceed $1,500.

A hearing was held on January 18, 1982 before an Administrative Law Judge ["ALJ"], who determined that plaintiff was not entitled to SSI benefits totaling $1,525.59 for October 1980 through June 1981. He denied a waiver of recover of the overpayment because plaintiff did not verify her belief that the SSI resource limitations had changed with her district SSA office.[7] The ALJ's decision was affirmed by the Appeals Council on March 31, 1982.[8]

Plaintiff filed the instant action on June 2, 1982. At the request of the Secretary, the action was remanded. See Order, 82 Civ. 3626 (JMC) (S.D.N.Y. Sept. 21, 1982). The Appeals Council issued a second decision on October 12, 1982

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which determined that plaintiff received SSI benefit interest causing plaintiff's bank account to exceed the limit was not credited to her account until March 31, 1981.[9] Plaintiff filed an amended complaint on January 28, 1983 challenging the Appeals Council's decision. On October 24, 1983, the Appeals Council amended its October 12, 1982 decision and found that plaintiff was "not without fault" pursuant to 20 C.F.R. § 416.552 because of her failure to verify the purported $1,700 SSI resource limitation.[10]

DISCUSSION

Pursuant to section 1631(b) of the Act, 42 U.S.C. § 1383(b), the Secretary may require SSI recipients to refund overpayments. When the Government overpays a recipient, "recovery shall . . . be made by appropriate adjustments in future payments to such individual. . . ." 42 U.S.C. § 1383(b)(1). The amount of an SSI overpayment is "the difference between the amount paid to a recipient for a period and the amount of payments for which such recipient actually was eligible for such period." 20 C.F.R. § 416.538; see 42 U.S.C. §§ 1383(b)(1), (e)(1)(a). 42 U.S.C. § 1382(a)(1) provides that no payments may be made to an individual whose resources exceed $1,500. In effect, plaintiff has been given an overpayment of $1,525.59 for a three-month period.

Recovery of overpayments may be waived if the Secretary determines (1) the recipient is without fault in connecction with the overpayment and (2) repayment would

either defeat the purposes of the Act, impede efficient administration of the Act, or be against equity or good conscience. See 42 U.S.C. § 1383(b). A recipient is at fault when an overpayment results from one of the following:

> (a) Failure to furnish information which the individual knew or should have known was material;
>
> (b) An incorrect statement made by the individual which he knew or should have known was incorrect (this includes the individual's furnishing his opinion or conclusion when he asked for facts), or
>
> (c) The individual did not return a payment which he knew or could have expected to know was incorrect.

20 C.F.R. § 416.552; see Schwingel v. Harris, 631 F.2d 192, 196 (2d Cir. 1982); Perera v. Schweiker, 560 F. Supp. 385, 390 (N.D. Cal. 1983).

The Secretary found that plaintiff acted "not without fault" because she was aware of the SSI resource regulation and failed to verify the purported change. Findings of the Secretary must be upheld if supported by substantial evidence. Richardson v. Perales, 402 U.S. 389, 401 (1971); Parker v. Harris, 626 F.2d 225, 231 (2d Cir. 1980).

After a review of the record in this case, the Court is constrained to conclude that the Secretary's final decision is supported by "substantial evidence". The Court finds ample evidence upon which the Secretary might reasonably infer that plaintiff understood that allowing interest to accumulate above $1,500 constituted a violation of SSI resource limitations. Plaintiff testified that she knew of the resource

limitation of $1,500.[11] Plaintiff comprehended the eligibility requirements but made no attempt to verify the radio announcement. The ALJ and this Court find no reason not to credit plaintiff's memory or motives. "Fault" as used in the Act, however, does not require a showing of bad faith. See Morgan v. Finch, 423 F.2d 551, 553 (6th Cir. 1980); Miller v. Richardson, 333 F. Supp. 218, 221 n.3 (S.D.N.Y. 1971). An honest mistake is sufficient to constitute fault. See Center v. Schweiker, 704 F.2d 678, 680 (2d Cir. 1983); Goldfin v. Weinberger, 381 F. Supp. 171, 175 (E.D. Pa. 1974).

"Fault" depends on an evaluation of all pertinent circumstances including the recipient's intelligence, physical and mental health. The SSA must also consider the individual's understanding of the reporting requirements, knowledge of the occurrence of events affect ing eligibility and efforts and opportunity to comply with the reporting requirements. See Califano v. Yamasaki, 442 U.S. 682, 696-97 (1979); 20 C.F.R. § 416.552.[12] Given these circumstances, the Court concludes that the Secretary's finding that plaintiff was "not without fault" was supported by substantial evidence.[13] The result reached, recovering a $1,525.59 overpayment for $71.54 of excess resources, is inequitable and unduly harsh. Nevertheless, the Court has a duty to uphold findings supported by substantial evidence and accordingly, the Secretary's final decision must be affirmed.

Plaintiff further contends that the regulations governing SSI overpayment calculations are at variance with

the Act and should be declared void. The Secretary was given the power to make "appropriate adjustments in future payments" to individuals who received overpayments. 42 U.S.C. § 1383(b)(1). Plaintiff objects to[20] C.F.R. § 416.538. See text infra at 3. Contrary to plaintiff's contention, Congress gave the Secretary statutory direction by enacting the resource limit as a complete bar to SSI eligibility. See § 1382(a)(1)(B). The Court need not decide whether 20 C.F.R. § 416.538 was promulgated pursuant to legislative or interpretive rulemaking. Assuming arguendo that the regulations are interpretive and fall under strict judicial scrutiny, the Court would sustain them as reasonably related to the purposes of the enabling legislation. See Fulman v. United States, 434 U.S. 528, 533 (1978); Mourning v. Family Publications Service, 411 U.S. 356, 371 (1973). Deference is especially appropriate in the area of social security legislation where the Supreme Court notes that "[g]eneral rules are essential if a fund of this magnitude is to be administered with a modicum of efficiency, even though such rules inevitably produce seemingly arbitrary consequences in some individual cases." Califano v. Jobst, 434 U.S. 47, 53 (1977); see Weinberger v. Salfi, 422 U.S. 749, 776 (1975). The regulations calculating SSI overpayments and waivers of recovery incorporate the equitable standards of 42 U.S.C. § 1383(b). Furthermore, the fault factors are rationally related to the statutory purposes of the Act by providing reliable standards to determine waivers of overpayment. Accordingly, the Court concludes that

the regulations are proper exercises of the Secretary's statutory authority. See Batterton v. Francis, 432 U.S. 416, 432 (1977).

CONCLUSION

Plaintiff's motion for summary judgment is denied. Fed. R. Civ. P. 56.

Defendant's motion for a judgment on the pleadings is granted. Fed. R. Civ. P. 12(c).

The Clerk of the Court is directed to prepare and enter Judgment dismissing the complaint.

SO ORDERED.

John M. Cannella

JOHN M. CANNELLA
United States District Judge

Dated: New York, N.Y.
March 27, 1984.

Goder v. Heckler, HHS
82 Civ. 3626 (JMC)

F O O T N O T E S

1 See Answer to Plaintiff's Amended Complaint, Exh. A at 34 (filed Apr. 8, 1983) [hereinafter "Answer"].

2 See id. at 30.

3 See id. at 34. The Social Security Administration is currently withholding $50.00 a month from plaintiff for recoupment of the overpayment.

4 See id. at 37.

5 Resources include cash and other assets not excluded by statute or regulations. 42 U.S.C. §§ 1381a, 1382b(a); 20 C.F.R. § 416.1201. In the instant action, the sole "resource" at issue is plaintiff's bank account no. 009485 at the Peoples Natio nal Bank of Rockland County. See 20 C.F.R. § 416.1201(b). An individual is ineligible for all SSI benefits during any month in which her resources exceed the $1,500 limitation. See 42 U.S.C. §§ 1382(a)(1)(B), 1382b(b).

6 See Answer, Exh.Aat 22, 40. Plaintiff apparently heard that Medicare limits had been raised to $1,700 and assumed that the Supplemental Security Income resource limit had been similarly increased.

7 See id. at 14. The Administrative Law Judge acknowledged that the recovery of a $1,525.59 overpayment because of excess resources ranging from $11.42 to $71.54 was "a harsh result". Id.

8 See id. at 7.

9 See id. at 4-5. Interest credited to plaintiff's

account in September and December 1980, bringing the balance above $1,500, was not actually recorded until March 31, 1981.

10 Memorandum in Support of Plaintiff's Motion for Summary Judgment, Exh. A (filed Nov. 23, 1983) [hereinafter "Plaintiff's Memorandum for Summary Judgment"].

11 See Transcript at 22 [hereinafter "Tr."].

12 Plaintiff, born in Lithuania, is seventy-nine years old. See Plaintiff's Memorandum for Summary Judgment at 3. Plaintiff was able to testify without a translator during her administrative hearing. See Tr. 19-22.

13 Courts have found findings of fault unsupported by substantial evidence in situations where the SSA was given factual information by plaintiffs which would bar receipt of social security benefits but failed to inform the recipients. Plaintiffs were held without fault because they had relied on advice given by SSA employees. See e.g., Henson v. Harris, 503 F. Supp. 1, 2 (S.D.N.Y. 1980) (SSA official failed to note veteran's benefits described in oral interview); Kendrick v. Califano, 460 F. Supp. 561, 570-71 (E.D. Va. 1978) (plaintiff given incorrect eligibility advice over telephone and at SSA office); see also Dorman v. Harris, 633 F.2d 1035, 1039-40 (2d Cir. 1980)(incorrect SSA advice).

ITEM 5. STATEMENT OF ROBERT FULTON, OKLAHOMA CITY, OK, CHAIR NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS, AMERICAN PUBLIC WELFARE ASSOCIATION, AND DIRECTOR, DEPARTMENT OF HUMAN SERVICES, STATE OF OKLAHOMA

In the ten years since its enactment, the SSI program has become an integral part of the Nation's income security system. SSI benefits make it possible for millions of needy elderly, blind, and disabled people to avoid destitution and to retain their independence. Associated in their minds with Social Security, SSI lacks the stigma of public assistance, that kept many of the needy from applying for aid under the old State-run programs providing economic aid. In addition to improving income protection, SSI has also provided administrative benefits. Its national standards have simplified program management, making it possible for the Federal Government to directly provide benefits.

Nonetheless, despite these achievements, the SSI program has not fully lived up to the expectations of its framers. Although the program was originally intended to federalize income assistance for the elderly, blind, and disabled, subsequent amendments have locked states into substantial expenditures for supplemental benefits. Today, given the severe fiscal limits affecting the States, the existing supplementation requirements mean there is less money available to assist other needy groups. The adequacy and fairness of the Federal policies for determining eligibility and benefit amounts also have come into question and merit close scrutiny. Improvements in the treatment of income and resources and the coverage of the program as it enters its second decade ought to be high on Congress' list of priorities. Our specific concerns and recommendations are spelled out below.

State Supplemental and Pass Through Requirements

While the basic intent of the establishment of SSI was to guarantee a minimum income to the needy aged, blind and disabled, Congress recognized that a method of accommodating variations among State support levels was needed. Congress did this through provisions mandating state supplements for pre-SSI recipients and giving States the option of supplementing others. Subsequently, a law was passed requiring States to pass-through Federal cost-of-living increases to recipients by not reducing supplementation levels. This requirement, which is still in effect, was intended to protect the income of recipients from erosion.

For States, the result of the pass-through has been to impair their ability to control the expenditure of State funds. Under current law, States may satisfy the pass-through by either meeting a yearly gross expenditure test (i.e., expenditures must be at or above the previous 12 months) or maintaining the State supplement payment (SSP) at or above those levels in effect in March 1983. Previous law allowed states to use the gross expenditure test or keep SSP levels consistent with those which prevailed in December 1976. The current approach, which became effective with passage of the Social Security Amendments of 1983, has worked to the disadvantage of States that have been providing relatively generous supplements since the beginning of the program. Why? Because declining SSP caseloads make it increasingly difficult for States to meet the gross expenditures test, and thus, they are forced to use the 1983 payment level test—a test which is based on significantly greater baseline benefits (i.e., those in effect in March 1983) than had been the case just a year ago. This denies States the flexibility to alter SSP structures to redress inequities among recipient categories or institute cost control measures in the face of State fiscal problems. In addition, it discourages States from raising supplement levels in the future for fear that Congress will subsequently increase the payment level test.

Compounding the problem posed by an inflexible standard for SSP calculation is the limitation on what may be counted as supplemental benefits. Payments on behalf of care providers, for example, constitute a legitimate State contribution to the income maintenance of the needy elderly, blind, and disabled but are excluded in figuring the SSP amount. What we have is a situation of good intentions hampering the effective provision of needed benefits. States will continue to extend aid to the needy elderly, blind, and disabled. That is not at issue here. At issue is the fact that, despite a significant investment, the States are being denied an opportunity to distribute scarce resources for maximum benefit. No other income maintenance program exacts this cost from the States.

A final difficulty associated with SSP is HHS' proposal to eliminate Federal fiscal liability (FFL) for the errors it makes administering State supplements. The idea behind Federal administration of SSP was to promote administrative simplification—a "one stop" service for recipients. While States may negotiate contracts with

the Social Security Administration (SSA) for Federal administration of the supplement payment, we must abide by the eligibility structure of SSI. The States only recourse in holding HHS accountable for misexpenditures or erroneous payments has been through FFL. The average HHS error rate for SSP in the eight States which received liability payments in fiscal year 1981 was 6.2 percent.

The proposal to eliminate Federal liability is made without any proof that HHS' errors in spending State funds have leveled off. The consequence would be to shift costs to the States for Federal errors and to eliminate the one means of control States now have over their contributions to SSI. Both this and the current pass-through requirements seem to us to be highly inconsistent with the intent of Congress, when it adopted SSI in 1972, to make income maintenance for the needy elderly, blind, and disabled a Federal responsibility.

Income and Resources

SSI provides its recipients with minimum economic assistance. It stands to reason that additional support obtained by recipients, financial or otherwise, should not be discouraged as long as the recipient continues to meet basic income eligibility requirements. We believe counting the value of in-kind income, as is now done, acts as a disincentive to family, friends and charitable organizations who would otherwise contribute to the care of those on SSI. For all practical purposes, the receipt of such informal support becomes a liability to the recipient, who is penalized for the good intentions of others.

This most commonly occurs when an elderly SSI recipient lives with others, usually his or her children, and the "one-third reduction in payment" rule is applied. While the intent of the one-third reduction rule is sound in theory—to recognize the fact that living with others is financially less demanding than independent living—in practice the rule serves to increase need. Knowing their benefits will be slashed by a third, recipients are reluctant to live with others, even though shared living may be what they need to remain in the coummity. It seems counterproductive to promote a lifestyle that may ultimately increase costs for the individual and government. In addition, the requirement has resulted in regulations of great complexity, which are prone to error.

As for in-kind support and maintenance provided by charitable organizations, the current temporary exclusion of such aid represents a sound approach in our judgement. However, consideration should be given to generally disregarding infrequent in-kind contributions for maintenance needs. Some States also favor disregarding up to the first $100 in cash a recipient receives from private sources.

Finally, the current limits on assets that a person may posses and be eligible for SSI have not changed since Congress passed the original legislation establishing the program. There has been no effort to account for the substantial inflation that has occurred in this 10-year period. Consequently, many needy people today fail to meet the SSI resource test and are thus prevented from participating. In our view, this is contrary to the intent of the law. SSI is meant to serve the neediest citizens, who, by virtue of age and physical or mental handicap, cannot provide for themselves. State administrators believe Congress should review the existing assets limits—$1,500 for an individual and $2,250 for a couple—and seriously consider making adjustments to account for the effects of inflation.

Benefits

The $25 personal needs allowance for SSI recipients in nursing facilities like the assets limits, has not been increased since 1974. Yet, out-of-pocket expenses for these individuals have increased. An increase in the personal needs allowance would seem to be in order.

Extending SSI to the Territories

Under current law, Puerto Rico, Guam, America Samoa and the Virgin Islands are excluded from participation in the Federal SSI program. State administrators believe the exclusion of American citizens residing in these areas represents inequitable treatment. SSI is meant to provide income assistance to needy citizens to meet eligibility requirements. Should eligibile residents of the territories migrate to the mainland, they would be granted benefits. There is no reason that eligibility should be denied them simply because of residency. The very inadequacies that prompted Congress to enact the program to begin with apply as much to the territories today as they did 10 years ago to the States. Poor elderly, disabled, or blind citizens of the

territories should be covered by the same program that serves these same groups in the States.

In closing, we would add that the issues outlined in this statement do not exhaust the areas that warrant congressional attention. From the State administrators' perspective, these are some of the more pressing concerns affecting the SSI program and the adequacy of benefits. The States are reviewing legislation, introduced in the House and Senate, that would make several significant changes in SSI. We are pleased to note that many of the provisions in these bills—S. 2569 and H.R. 5341—address issues State administrators believe warrant immediate attention.

The Senate Aging Committee is to be commended for making SSI a priority and for examing ways to improve income assistance for the needy aged, blind, and disabled in our Nation. Please be assured of the State human services administrators continued assistance and support for your effort.

ITEM 6. STATEMENT OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS

Introduction

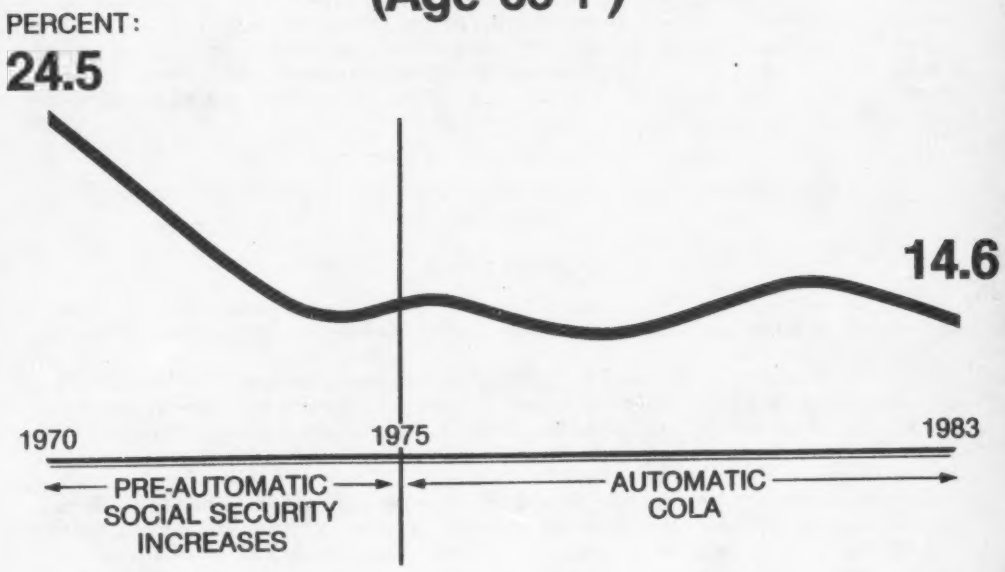
The American Association of Retired Persons (AARP) appreciates the opportunity to present its views on needed improvements in the supplemental security income (SSI) program.

The SSI program was created to provide policymakers with a more effective instrument for reducing the extremely high incidence of poverty prevailing among the elderly and disabled. Its establishment in 1974, coupled with improvements in the Social Security program helped to improve the elderly's real income situation and reduce their poverty rates (see chart 1).

However, adverse economic conditions over the past decade have begun to threaten the progress made in the elderly's income position. Inflation has driven up the cost of government support programs (i.e., Social Security, Medicare Medicaid, SSI, energy assistance, housing) while other adverse economic trends (i.e., high unemployment, low economic growth) have restricted the revenue needed to meet those costs. As a result, of growing budget deficits and the deteriorating financial condition of programs, especially Social Security and Medicare, large scale cutbacks in them have been enacted (see chart 2). A resurgence of these adverse economic trends coupled with the large projected Federal Government budget deficits threaten to renew pressures for further substantial cutbacks.

CHART 1

POVERTY RATE (Age 65+)



Source: U.S. Bureau of the Census

CHART 2

REDUCTIONS IN FEDERAL SPENDING FOR THE AGED: INCOME SECURITY AND HEALTH PROGRAMS

(FISCAL YEARS 1982 - 1985)

	Benefit Reductions (In Billions)				Cumulative Reductions (In Billions)
	1982	1983	1984	1985	1982 - 1985
Social Security (Function 650)	0.3	1.2	3.5	3.7	8.7
Other Income Security (Function 600)	0.5	0.5	0.6	1.2	2.7
VA Compensation and Pensions (Function 700)	*	0.1	0.1	0.1	0.2
Medicare (Function 570)	0.6	2.7	3.9	5.1	12.3
Other Health Programs (Function 550)	0.3	0.4	0.6	0.3	1.6
Totals:[1]	1.7	4.9	8.7	10.4	25.5

Benefit Reductions and Recovery Resulting from 1983 Social Security Amendments: $66.2 Billion

*Less than $50 million.

[1] Columns do not total due to rounding.

Sources: Chamber Associates Incorporated; Office of the Actuary, SSA

Cutbacks in these income support programs, especially Social Security and Medicare, have a disproportionate harsh impact on the elderly poor. These cutbacks have thus increased both the burden on and responsibility of the SSI program. For example, since (according to the Census Bureau data) the oldest and lowest-income elderly depend on Social Security for 85 to 95 percent of their total income, any substantial across-the-board cut in Social Security, like a COLA cut, will harm this group the most. (Older women age 75-plus comprise most of the group that is the most heavily dependent on Social Security.)

This heavy dependence on Social Security among the low-income elderly population and the fact that over 10 percent of the elderly population hovers just above the poverty line means that cuts in COLA's have the potential to increase dramatically aged poverty rates. (According to a 1983 study done by Data Resources, Inc. (DRI), the permanent 6-month COLA delay (enacted by Congress as a component of the 1983 Social Security Amendments) will push and additional 288,000 older persons below the poverty threshold by 1984). A similar study done by DRI also indicated that substantial COLA cuts (such as the proposal that would limit COLA's to the Consumer Price Index minus 3 percentage points) during the next decade could push an additional 1.2 million elderly into poverty within 3 to 5 years. Older women (age 72-plus) would unfortunately represent the majority of the newly impoverished class.

Similarly, in the Medicare program, the recent trend toward increasing cost-sharing for beneficiaries has had a particularly harsh impact on the elderly poor. As noted in this committee's information paper, Medicare and the Health Costs of Older Americans: The Extent and Effects of Cost Sharing, "cost sharing imposes a disproportionate burden on those least able to afford it—the oldest, the poorest, and the sickest." (p. viii).

Income and poverty statistics provide a good indication of just how vulnerable the elderly are to further reductions in government programs. In 1982, the aged poverty rate stood at 14.6 percent, representing nearly 3.8 million persons, and the near-poverty rate (defined as the percentage of persons with income within 125 of the poverty threshold) was 23.7 percent. Because so many of the elderly (10 percent or 2½ million persons) are concentrated just above the poverty threshold, a drop in income of only $24 to $30 a week would cause the elderly poverty rate to escalate to nearly 25 percent.

Other statistics demonstrate how economically vulnerable the elderly are relative to the rest of the population. In 1982, the median income of elderly-headed households was only $11,041—less than half the median income level of nonelderly households. In addition, while 46 percent of elderly-headed households had incomes below $10,000, only 18 percent of nonelderly headed households were in this income category. Even adding to the elderly's income the value of in-kind benefits they receive cannot change the fact that the elderly, as a group, subsist on relatively low, and in many cases, extremely inadequate incomes.

In short, further reductions in benefits on which the elderly rely can only lead to a deterioration in their income and health security.

The SSI program provides a minimum income guarantee to needy, blind, and disabled persons. In July 1983, the monthly Federal benefit for individuals and couples was $304 and $456 respectively. SSI payments guaranteed approximately 73 percent of poverty for singles and 86 percent for couples.

In November 1983, SSI enrollment totaled 3.9 million persons, of whom 1.5 million were aged (38 percent), 2.3 million were disabled (59 percent), and 79,000 were blind (2 percent). Approximately 462,000 disabled and 23,000 blind were age 65 and over. Some 70 percent of aged SSI recipients also receive Social Security benefits.

Social Security benefits have increased substantially, but SSI benefits are still needed by many elderly and disabled persons who either lack Social Security coverage or receive very low Social Security benefits.

However, even receipt of both Social Security and SSI benefits still fails to guarantee a minimum income above the poverty threshold for many. Since any amount of Social Security benefits above the $20 unearned income allowance is deducted dollar for dollar from SSI payments, dual recipients still have income below the official poverty level.

Despite increases in social security benefits and a recent 7 percent ad hoc increase in SSI payment levels, SSI payment levels are still inadequate. To address this situation, the association recommends the following improvements in SSI.

Payment Levels

The main objective of the SSI program is to provide basic support to needy individuals applying uniform eligibility standards and payment levels. When the program began operation in 1974, monthly Federal benefit rates guaranteed approximately 73 percent of the poverty level for individuals and 84 percent for couples. Not only were initial Federal payments below the poverty threshold, they were also below payment levels (in 25 States) of the former old-age assistance (OAA) programs. In order to prevent a loss in income to individuals who were transferred from OAA programs to SSI, the Congress encouraged States to supplement the Federal payment.

In 1984, SSI payments guarantee approximately 79 percent of the estimated 1983 poverty threshold for an individual and 94 percent for a couple—only a marginal improvement since the inception of the program. For dual recipients and others with unearned income of $20, payment levels will be 84 percent of the poverty threshold for individuals and 98 percent for couples.

Today, only 26 States, plus the District of Columbia, provide additional payments to SSI recipients over and above the Federal floor. However, approximately one-half of these States supplement by less than $50 per month. In addition, only six States provide supplemental benefits to individual aged needy people living independently (20 States for couples) in an amount sufficient to take their incomes to or above the poverty threshold.

These statistics indicate that SSI, even in coordination with the Social Security program, has been unable to achieve even poverty-level subsistence for the aged, blind, and disabled. In order to address this situation and make SSI a more adequate program, the association recommends that the Federal portion of the SSI payment should be increased to 150 of the poverty level as defined by the Census Bureau. State supplements to the Federal payment must also be encouraged so that recipients can be compensated for regional cost-of-living variations.

Eligibility

The amount of SSI benefits is determined by the recipient's countable income, living arrangements, and marital status. In determining countable income, the program disregards the first $20 of monthly unearned income and the first $65 of monthly earned income plus one-half of remaining earnings are disregarded.

Basic income eligibility requirements have virtually not changed since the program began in January 1974. The earned and unearned income disregards as well as the assets tests have remained static and thus have become out dated. With respect to SSI's partial disregard of unearned income (usually social security benefits), the association recommends that it be made on a progressive rate basis (at least 20 percent disregard) rather than on a flat dollar ($20 per month) basis. Due to automatic cost-of living increases in Social Security benefits, many SSI recipients have either lost their SSI eligibility or experienced a net reduction in total income from SSI and Social Security combined.

The House Ways and Means Committee, in passing original SSI legislation, emphasized the importance of the program providing work incentives and opportunities for those able to do so. In order to encourage employment, SSI's $65 per month earned income disregard should be substantially increased and thereafter automatically indexed to annual wage increases. Also, public service job opportunities and job training and referral mechanisms should be created specifically for SSI recipients.

The SSI program also places unreasonable restrictions on the assets permitted individuals ($1,500) and couples ($2,250). There is a dearth of current data on the assets of elderly persons with incomes below the poverty level. However, a 1977 technical paper for the Federal Council on the Aging by Marilyn Moon on the treatment of assets in cash benefit programs indicated that an estimated 12 percent of elderly families with incomes below SSI payment standards were denied benefits because of the assets test.

The 1981 final report of the National Commission on Social Security states that "approximately 58 percent of those denied SSI payments in 1977 due to excess had saving accounts, with an average value of $2,834." (p. 250). Interest derived from this source would be insignificant but would disqualify individuals—truly needy individuals—for SSI benefits.

1983 Current Population Survey data informs us that in comparison to nonpoor, low-income families with an aged member receive most of their income from Social Security and public assistance—usually SSI. (Nonpoor aged families receive substantial income from savings and investments in the form of interest and dividends.)

Since a strong argument can be made that low-income elderly have little or no assets from which substantial income can be derived, the association recommends that SSI's current assets limitations of $1,500 for individuals and $2,250 for couples be increased substantially and eventually eliminated. In fact, many experts have observed that the cost of administering the assets test (collecting relevant information, etc.) may outweigh any cost-savings derived from imposing the assets test.

Reductions When Living With Other Persons

The value of in-kind assistance is counted as income in determining SSI eligibility unless specifically disregarded by statute (i.e., food stamps, housing assistance, social services). However, if an SSI applicant or recipient is living in the household of another and receiving in-kind support or maintenance, SSI benefits will be reduced by one-third. In order for the Social Security Administration (SSA) to make such determinations, costly investigations and invasions of privacy are involved. The association recommends elimination of the one-third SSI payment reduction imposed upon an individual who lives in the household of another. This arbitrary reduction discourages elderly poor persons from living with relatives and often results in their premature institutionalization at the government's expense under Medicaid.

Reduction When Confined to Nursing Homes

Under current law, when SSI recipients are confined to a nursing home or other medicaid facility, their SSI benefit is reduced to $25 a month commencing the second month after institutionalization. This payment standard has not been updated to keep pace with the rate of inflation since the SSI program began 10 years ago. $25 a month is insufficient to purchase "incidentals" while in the facility.

Moreover, most individuals consider their institutionalization as temporary and current standards do not allow SSI recipients, or their spouses, to maintain their independent living arrangements while in the facility. Unable to meet basic expenditures (i.e., rent, utilities), SSI recipients are forced to give up their place of permanent residence and remain in the medicaid facility—at a greater expense to the taxpayer.

AARP recommends that the $25 payment standard for these individuals be raised substantially. The association supports the provision in pending SSI reform legislation (S. 2569 and H.R. 5341) that increases the benefit to $35 and then annually indexed.

Conclusion

The Supplemental Security Income Program is an essential income support component for the elderly and disabled poor. In particular, we would like to emphasize that SSI is a program which disproportionately serves older women, one of the most economically disadvantaged groups in our society. Over three-fourths of the aged SSI population are older women, and largely older women of advanced ages. Improving SSI is one of the most target-efficient ways to alleviate the economic plight of older women. Only slightly more than one-half of those elderly poor who would be potentially eligible for benefits actually participate in the SSI program. Thus, key to assuring more adequate incomes for the elderly and disabled poor will be improving the low participation rate in the program. Therefore, a major outreach effort by SSI should be mandated.

S. 2569 and H.R. 5341, as well as the House passed "Omnibus Budget Reconciliation Act of 1984," contain similar and additional provisions that propose incremental steps toward a fairer, more adequate, and more manageable SSI program. The association urges your support for SSI equitable improvement and reform proposals.

Eligibility standards and benefit levels established 10 years ago must be reformed and improved if the objectives of the SSI program are to be met.

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